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# The Conference Board **MANAGEMENT RECORD**

Volume 15

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# Management Record

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## • In the Record •

### Recruiting the Graduate

All the signs point to 1953 being another year when the college senior will pick and choose among jobs, with the engineering graduate top man on the totem pole.

From industry's point of view, the situation is less than rosy. Although not pessimistic, companies recognize that recruiting from colleges is going to be on the rough side this year. The need for men is greater than a year ago and there are fewer seniors to recruit. The Army will be calling up many of the graduates for military service but, at the same time, others will be discharged who have completed their tour of duty.

How 169 companies are meeting this situation, and what their plans are, form the basis of "College Recruitment in 1953," the story starting on the next page.

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### Talking to Employees

"Employee communications" is a long term but it can mean a lot of things. It can mean tacking a terse order on a bulletin board, or sending out a questionnaire, or having a heart-to-heart talk with a man. But there is more to the question than "method." Does good understanding between management and worker tend to grease the wheels of industry or does it threaten the authority of management? Who gains what from the process, and why?

Questions like these were given a long hard look at a Round Table conference made up of representatives from management, labor and education. The argument was lively over such questions as "Is labor a captive audience?" and "Is industry democratic?" See page 9 for "Removing the Obstacles to Good Employee Communications."

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### Centralized Personnel in a Small Company

When a manufacturing company moves into a suburban community, it may not be greeted with the warmest enthusiasm of the citizenry. The idea of a factory in a residential area is generally not appealing to the residents.

Perhaps some managements would not consider this very important—after a while the people would come to accept the company or else. But White Laboratories did not see it

that way. When the site for a new plant was selected, the company carefully prepared for their arrival in the community. And just as careful planning has marked their community relations since. The relatively new, centralized personnel department has been the spark plug for this and many other aspects of company policy.

Starting on page 5, "Centralized Personnel in a Small Company" tells the story of White Laboratories' experience in a new community. More important, it shows how White's centralized personnel department has functioned to the advantage of employees, company, and community.

• • •

### Employee Savings and Investment Plans

Thrift, that old fashioned virtue, still carries a lot of appeal. And so does the idea of helping employees to become part owners of their companies. Some companies have succeeded in wrapping the two in one package, and this combination is usually labelled an "employees' savings and investment plan."

Some of these plans make the worker a shareholder while he is employed; others pay off at the time he retires. This, of course, is determined by the particular plan the company has chosen.

But all plans of this type see to it that the employee doesn't risk losing any money. He can withdraw at any time and get at least as much money back as he put in.

For details on how these plans are set up, see "Employee Savings and Investment Plans" on page 12.

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### Labor Statistics

THE CONFERENCE BOARD's index of consumer prices rose in November, the first increase since August. In December, however, there was a sharp decline in wholesale food prices. To what extent this has been reflected in the retail level and in the index as a whole will be seen in the December index, to be reported in the next issue of the *Management Record*.

Details on what has been happening to prices plus the most recent batch of labor statistics can be found in "Review of Labor Statistics," prepared by members of the Statistical Division. The story starts on page 21.



Here are the programs of  
169 companies that reported to  
the Board during December on their

## College Recruitment in 1953

**I**NDUSTRY made a mad scramble for college seniors last year. This year, it appears, the scramble will be even more hectic.

The reasons for this, derived from school statistics and from a Conference Board survey, may be stated briefly.

There are fewer seniors. Fewer students will be graduating in 1953 than graduated in 1952. There are more underclassmen but fewer upperclassmen. The shortage of graduates in engineering this year will be especially acute.<sup>1</sup>

Fewer of the 1953 graduates will be available for private employment. It is said that only one in four of the male seniors across the country has completed his tour of military service.

More companies will be trying to recruit seniors. More companies than ever before are interested in employing college graduates; and their 1953 quotas, generally speaking, exceed the number of men recruited last year.

More colleges will be visited. In trying to reach their 1953 quotas, the college recruiters will extend their efforts to additional campuses. And the intensity of their recruiting efforts on each campus will be stepped up, too.

Starting salaries will be increased. Most companies, in an effort to improve their competitive position, are offering starting salaries 5% to 10% above those of 1952.

Last year a large majority of the companies failed to attain their quotas. This year, with the supply of seniors down and with the competition up, the chances that the companies will be any more successful are slim indeed. But few of the 195 companies that co-operated in a survey conducted by THE CONFERENCE BOARD in December, 1952, express any pessimism about the current situation. Each seems to feel that by redoubling its efforts it can obtain its full allotment. One executive, commenting on the reported shortage of 1953 graduates, states: "Our belief is that the so-

<sup>1</sup> Industry could use 100,000 new engineers, according to the calculations of the manager of technical personnel in one of the country's largest electrical manufacturing companies. The schools will graduate 23,000. And the situation will get worse before it will get better. It is estimated that 19,000 engineers will be graduated in 1954; 22,000 in 1955; 29,000 in 1956.

called 'shortage' is more hysteria than anything else."

But there is at least one bright spot in the picture. Many of the young men who were recruited two or three years ago and then were called by the armed services shortly after starting their jobs are now completing their period of duty. One company reports that it is getting 80% of its men back.

Until recently it had been possible for company recruiters to arrange interviews at eleven Army discharge centers, but this practice has been discontinued.

Last month, 308 companies were invited to tell the Board of their plans to recruit college seniors in 1953. Replies were received from 195 (63%). Of these, 169 arrived in time to be used.<sup>1</sup> Several of the companies wrote that they will do no college recruitment this year. One explains: "We do not feel that we can compete, on the basis of salary, with the larger companies engaged in recruiting and still be fair to the people who are already employed by us."<sup>2</sup>

Last year the average manufacturing company went after 117 students and got about sixty. This year it will try to find seventy. In 1952, the nonmanufacturing companies sought fifty and got thirty-three; they are hoping now to interest forty-four.

But not all the companies have increased their quotas. About one in five has decreased its quota. Details are shown in Table 1.

<sup>1</sup> The 169 usable replies came from 128 manufacturing and 41 nonmanufacturing companies (banks, utilities, insurance companies, department stores, and companies engaged in communication and transportation). The tables of figures in the article are based on the information supplied by these two groups of companies. The entire 195 questionnaires, however, were read for quotable material.

<sup>2</sup> Many additional comments of general interest were sent the Board. Two are reproduced, in part.

"Through the medium of newspaper advertisements we have had very good luck contacting men qualified for our type of work who have been out of school for a few years and who have not found specialized engineering work of the exact type that they wanted. We have been very successful so far in this method of recruiting engineers, and intend to continue with it in the future."

\* \* \*

"The colleges this year will probably not be able to offer us the number of men that we are seeking. This is one of the smallest graduating classes and only about 10% are not eligible for the draft. I also find that the caliber of men this year seems to be below average. The veteran is not of the caliber that we have been finding in colleges in previous years. We are not going to eliminate college recruiting but I believe we will have to supplement this area with other sources in order to get the desired number of men in 1953."



**Table 1: Number of Companies Increasing or Decreasing Their Quotas**

No. of Companies	1953 Quota Larger than 1952	1953 Quota Smaller than 1952	Quota Unchanged	Uncertain or No Answer
128 manufacturing	73 (58%)	27 (21%)	22	6
41 nonmanufacturing	23 (56%)	7 (17%)	6	5

The reporting companies will each visit an average of thirty-one colleges. Thus, the manufacturing companies will hope to recruit 2.3 men per college; non-manufacturing, 1.4 men per college. In general, it seems easier for the manufacturing companies to attract today's seniors.

**Table 2: Average Number of Colleges Visited by Manufacturing and Nonmanufacturing Companies**

	Manufacturing Companies	Non-manufacturing Companies
Average number visited in 1952	29	24
Average number to be visited in 1953	31	31

A number of companies, in addition to visiting the campuses, or in lieu of such visits, contact the colleges by phone or letter.

Anticipating a shortage of qualified graduates, some companies are signing the men right on campus—recruiters make definite job offers following the interviews at the colleges. Other companies, while admitting that they might lose some recruits by pursuing a more deliberate course, withhold an offer until the student has had an opportunity to visit the company, meet some of the executives, and look the place over for himself. The figures below show that more than 90% of the reporting companies are holding to their established practices of careful selection, despite pressures to try short cuts.

**Table 3: Company Policy with Respect to "Quick Hiring" Practice<sup>1</sup>**

	Manufacturing Companies	Non-manufacturing Companies
Students are hired on the campus	12	3
Students are not hired until they have visited the company	116	40

<sup>1</sup> Several of the companies, replying that they do "quick hiring" in exceptional cases, are counted twice in this table.

Many interesting comments on this subject were offered by the companies. Several follow.

"In this period of high-pressure recruiting we feel it more important than ever to follow sound selection procedures."

\* \* \*

"Many of the graduates will not commit themselves without first visiting the plant."

"We feel that the individual should visit the company, meet the people, look at the physical layout, look at the town, etc. This reduces turnover later on."

## CURRENT SALARY OFFERINGS

Salaries offered college seniors have been on the increase, with unimportant exceptions, for many years. This trend will be maintained in 1953, according to the reporting companies. In the survey made and published in *Management Record* a year ago, the average monthly salary being offered regular A.B. graduates was \$293; graduates in engineering, \$309 (manufacturing companies). The figures for 1953 are \$308 and \$334, respectively—up 5% and 8% from last year. If government wage controls are relaxed or removed by the new administration, some recruiting officers expect the bidding may go even higher during the next several months.

**Table 4: Monthly Beginning Salaries, 1953**

Degree	Manufacturing Companies			Nonmanufacturing Companies		
	Average	Lowest	Highest	Average	Lowest	Highest
Regular A.B.	\$308	\$250	\$350	\$271	\$195	\$325
Engineer	334	260	375	321	225	488
M.A.	370	300	435	312	225	400
Ph.D.	488	340	600	*	225	510

\* As only a few of the nonmanufacturing companies reported hiring Ph.D.'s, it would not have been meaningful to compute an average salary. Also, many of the companies say, in effect: "We do not have a fixed starting rate for Ph.D.'s. Their salaries are determined on an individual basis."

What effect, THE CONFERENCE BOARD asked, have the increased salaries offered college graduates in recent years had on the companies' general salary structure? Eighty-five of the 169 companies (50%) said "no effect." Fifty-eight reported "a slight effect"; eleven, "a considerable effect." Fifteen failed to answer this question.

Some representative comments are:

"Our general salary structure is up but not by as large a per cent as given college trainees."

\* \* \*

"No effect—but problems exist as a result."

\* \* \*

"Not a controlling factor; however, salaries for college graduates are slightly out of phase with our general increases."

\* \* \*

"Made it necessary to raise the company's general salary structure."

Practically all college recruits, whether hired for immediate jobs or for a preliminary period of general training, are awarded salary increases during their first year of employment. Table 5 shows the average amounts and ranges.

Some of the companies make no increases until the beginning of the thirteenth month of employment. In these cases, the increase is likely to be approximately



Table 5: Monthly Salary Increase After Six Months

Degree	Manufacturing Companies			Nonmanufacturing Companies		
	Average	Lowest	Highest	Average	Lowest	Highest
Regular A.B.	\$17	\$0	\$60	\$21	\$0	\$37
Engineer	18	0	50	20	0	37
M.A.	18	0	50	18	0	25
Ph.D.	19	0	50	—	0	30

twice that given by companies that follow the semi-annual plan. At any rate, the A.B. recruit after one year will be earning about \$340 per month; the engineer, about \$370.

Table 6: Basis for Salary Increases

	Automatic	Merit	Combination	No Answer
128 manufacturing companies	25	73 (57%)	20	10
41 nonmanufacturing companies	9	23 (56%)	9	0

The increases are made either on a merit basis or automatically—or a combination of the two. The first raise may be automatic with the rest depending upon merit.

### STRETCHING THE SUPPLY OF ENGINEERS

What are companies doing to meet the current shortage of engineers? Last year, there was little willingness to relax standards. This year, various expedients are being found. Company practice is indicated in Table 7.

Table 7: Plans to Cope with the Shortage of Engineers

	Do Not Employ Engineers	Will recruit men with some training in engineering	Will recruit men with mediocre grades; take female engineers, etc.
Manufacturing companies	8	48	22
Nonmanufacturing companies	23	10	2

*Note*—The remaining companies did not answer this question. Presumably they are not going to change their standards even though this may mean a failure to obtain the number of engineers desired.

Explanations given by the companies follow.

"We shall take boys with shop experience and train them for specialized engineering functions."

\* \* \*

"Our company will make maximum utilization of present engineering and technical staff."

\* \* \*

"Must hold to engineering graduates to keep with union agreement."

\* \* \*

"We do not plan to lower our standards for engineers, but will increase our efforts to obtain them."

"For very specialized scientific men, we plan to recruit abroad."

\* \* \*

"We are making a survey of the work performed by engineers to see whether they can be relieved of certain duties which can be performed by nonengineers."

The last question focused attention on the training period. Here, too, former standards are being maintained. It might be expected that the training, ordinarily lasting about twelve months and providing for a rotation of the new recruits through the several departments of the company, would be shortened in view of present manpower shortages. But only eleven companies are cutting the training time. An equal number are extending theirs. The remaining companies, almost 90% of the total in the survey, contemplate no change in the duration of their training periods.

STEPHEN HABBE

*Division of Personnel Administration*

### Management Book Shelf

**A Guide To Audio-Visual Materials.**—A bulletin cataloging most of the films, film-strips, recordings and transcriptions in the field of industrial and labor relations of the last ten years has been compiled by Professor J. J. Jehring and issued by the New York State School of Industrial and Labor Relations at Cornell University. This catalogue includes materials produced by labor, management, and others. There is no attempt at critical evaluation.

Single copies are free of charge to residents of New York State. There is a charge of 25 cents per copy for out-of-state orders and for all bulk orders (more than five copies). *Write to Distribution Center, School of Industrial and Labor Relations, Cornell University, Ithaca, New York.*

**Color in Business, Science and Industry.**—Hundreds of questions pertinent to commerce and industry are answered in this book which attempts to present visual psychophysics in practical terms. How discoveries in the psychophysics of color are utilized in industry—both factories and offices—is pointed out. How can a purchaser be certain the delivered goods are the desired color? When should a spectrophotometer be used, or a photoelectric colorimeter, or both? These are some of the questions answered. *By Deane B. Judd, John Wiley & Sons, Inc., New York, 1952, 401 pp. \$6.50.*

**Factory Folkways**—A detailed history of relationships between employees and an unidentified company. The book contains a penetrating analysis of these relationships primarily from the sociologist's point of view. Much of the background material as well as the details were collected by the author during his eight years of employment with the company. *By John S. Ellsworth, Jr., Yale University Press, 284 pp. \$4.*



# Centralized Personnel in a Small Company

**White Laboratories has found many advantages in its new, centralized personnel division**

**W**HEN RESIDENTS of Kenilworth, New Jersey, first heard rumors that a manufacturing company was planning to build a plant in the neighborhood, they were not too pleased. While the community was not zoned against industries, it was a newly developed suburban section with neat streets of attractive homes. They hadn't bargained on a factory when they planned their new homes.

The plant that was coming was White Laboratories, a pharmaceutical concern of about 500 employees, which manufactured nationally advertised drug products and medicinal preparations prescribed by physicians. The company was moving from Newark, about nine miles distant.

As construction got under way, Kenilworth learned more about the intruder. A few in the neighborhood worked for the company in Newark, and spread the story of the new building that was to be modern in design—of brick, tile and glass—fully air conditioned and set in spacious, landscaped grounds. White's had carefully briefed its employees about what was going on.

## LOCAL RESIDENTS RECRUITED

Then, invitations to work at White Laboratories began to appear in the local newspapers and elsewhere. Recruiting was now aimed at men and women who lived in the Kenilworth area. The company was arranging car pools and other transportation to get them to Newark until the plant moved, when, of course, they would be near home.

For those employees living elsewhere, White representatives combed the area around the new site for rooms that they could rent, houses they could buy, and encouraged their moving to the new community before the plant was completed.

Soon after the new building was occupied, residents not only in Kenilworth but also in the nearby towns of Roselle, Roselle Park, Union and Cranford—5,000 homes—received through the mails a booklet entitled "Your New Neighbor in Kenilworth." It was illustrated with a sketch of the new plant and began: "Dear Neighbor—As newcomers to Kenilworth, we would like to tell you that we are happy to have the opportunity of being a part of this pleasant and forward-looking community. We hope you will accept us as a good friend and neighbor." It went on to describe

what the company did, giving a little of its history, a little about its scientific laboratories and personnel, a little about the facilities of the new building, a little about the policies of the company.

"As time goes on," the booklet concluded, "we hope more and more of the people who work at White Laboratories, Inc., will be residents of this vicinity. We are proud of our new home, and from time to time we hope to offer, through arrangement with our personnel division, the hospitality of personally conducted tours for interested groups."

## OPEN HOUSE FOR FAMILIES

The company has now been in its new quarters a little over a year. It held the first of the promised tours last October for its own members and their families. One thousand came. Fifty groups were taken on a circuit of the plant, which lasted an hour and a half. At the conclusion, they were served a buffet dinner in a pavilion erected on the grounds. Each carried home a gift package of White products.

About a week later, Kenilworth town officials and municipal employees were the honored guests at a second open house. They were entertained in the plant cafeteria where they had a turkey dinner.

Beginning in January, 1953, the company plans to have a conducted tour one day each month for groups such as the Girl Scouts, Chamber of Commerce, etc. who want to go through the plant. The company already has a list of those who want to see what goes on inside the attractive exterior of the building.

Every visitor who enters the solarium-lobby, with its decor of plantings, is given a reception booklet. This message of welcome contains a few facts about the company and a list of officials and department heads, which might be helpful in determining the persons to whom the visitor wishes to talk.

## JUNIOR ACHIEVEMENT COMPANIES

On some days, after plant working hours, a group of high school boys and girls are busy in the laboratories and packing rooms. They are a Junior Achievement Company, sponsored by members of the White organization. Last year, they manufactured and sold a hand cream.

White Laboratories was one of the first New Jersey industrial concerns to sponsor Junior Achievement



groups. It has been doing it ever since 1946. In some years, White advisors have steered two companies of young entrepreneurs in problems of accounting, production, advertising and sales. In the building are several trophies that have been won by the various groups. Several members have been granted college scholarships by the Junior Achievement organization because of their outstanding work.

The Kenilworth neighborhood knows that it can expect help from the company in the various community philanthropic drives. Not only money, but the personal interest and cooperation of executives are available. The personnel director is a frequent speaker at meetings of local organizations—Rotary, Lions, high schools, etc.

All these pieces fit into what is often termed a community relations program. At White's, it's all part of good employee relations. Personnel, they believe, goes beyond the doors of the plant. Building up a company relationship with the community has been a natural development in carrying out the personnel function.

### BEGINNINGS OF CENTRALIZATION

In light of the plant's moving and all the attendant problems, the company has found a big advantage in having centralized Personnel, headed by a director who was able to anticipate many of these problems before they actually emerged. Personnel functions had not been centralized for long. Until 1946, as in thousands of small companies, personnel functions were scattered all over the lot.

Each department was doing its own interviewing and hiring, and set its own rates. Payroll kept account of absences and what little else existed in the way of employee records. An administrative assistant edited a small newspaper. The office manager issued occasional informational letters and posted notices on the plant bulletin boards. The purchasing agent supervised operation of a suggestion system.

The plant cafeteria was in the bailiwick of the works manager. The company lawyer kept track of labor laws. One of the boys in the accounting department planned recreation affairs. Several had a hand in administering employee benefit plans: the administrative office took care of group life insurance; the accounting department handled hospital insurance; the controller looked after the pension plan.

It was a fairly comprehensive program for a company of about 400, but the scattered administration was hard on the various executives. The war years had brought about troublesome wage and hour regulations. Labor laws had become complicated. Moreover, there were areas left blank—no supervisory training, for instance, and no adequate health program. Plans for expansion of the company forecast even greater burdens for already harassed executives. Decisions affecting people needed to be uniform to avoid

shifting courses of action. Guidance in the difficult task of formulating clear-cut, long-range personnel policies was called for. These considerations, alone, indicated the need for a full-time specialist whose influence would cut across all major activities of the company. Top management decided that the answer was a centralized personnel department.

The first step following this decision was to let all department heads know that such a centralized function would be set up, and to describe their organizational relationship to the new unit. They were told that the new unit would not spring into being overnight; that, little by little, the new unit would take over, centralize, and coordinate the various functions that up till now had been widely separated.

### HIRE OR MAKE A SPECIALIST?

Management looked for someone who had training and experience in personnel administration. But instead, they got a man who knew the drug industry thoroughly—knowledge that would be valuable in organizing the job—but who was unfamiliar with personnel techniques.

He had, as a matter of fact, applied at White Laboratories for another type of position. He had been employed all his working years in sales promotion and office management in the pharmaceutical industry. Along the way, however, he had acquired knowledge and skills that would be helpful in personnel administration. A major in psychology, considerable work in social and community organizations and experience in conference leadership gave him a background that made the switch to personnel administration easier.

Personnel was to report directly to the president. It was to help with policy formulation—not function merely as an operations office. It was not to be a department in itself. They were firm in not calling it that. But it was to serve all of the departments of the company.

The new personnel director went to work in 1946. He wasn't at all sure, at first, what personnel functions were. He read books and articles and talked with people but, most important, he studied his own company. For two months he was a free lance and roved about the plant and offices, getting acquainted with department heads and others of the organization, finding out what they did and what help they needed.

He then settled down in an office. A woman employee from payroll, who had been with White Laboratories for more than fifteen years and knew everybody, was assigned as his assistant. A third member of the staff was a secretary-receptionist.

That is still the nucleus of the personnel team, although a few others are now included. The plant receptionist, telephone and teletype services and the locker rooms are under Personnel, and the personnel director is also responsible for operation of the cafe-



teria with its four full-time and three part-time workers.

### FIRST STEPS

Just as many other companies have begun their centralization of personnel functions, the new director started with employment. In the first six months, he took over recruitment and screening of all employees with referral to the supervisor before hiring. Payroll was relieved of personnel record keeping. Administration of group life and hospitalization insurance was absorbed. A personnel termination form and procedure were designed and adopted. Responsibility was assumed for all posting on bulletin boards.

No friction was encountered as the personnel director took over various functions formerly performed by others, or inaugurated new procedures. Rather, everyone seemed glad to get a little help with his load.

For his own use the personnel director compiled a detailed procedure manual, which described the steps of various procedures, as well as giving sample forms. This would further serve as insurance that the program could be carried on if anything happened to the present personnel staff.

### WORKERS KEPT INFORMED

From the beginning, the personnel director insisted that employees be kept informed of what was going on in the company. As company policies were put into writing, articles about them appeared in the employee publication. Its format was changed from a newspaper to a sixteen-page quarterly magazine, with an attractive cover in color. The personnel director acts as editor, assisted by a staff of eight employees from the various departments of the company. They are called co-editors rather than reporters.

The stated purpose of *The News* is to keep em-

ployees posted on company policy, company products, plans for the future and information about members of the organization and their activities. The magazine is distributed at the plant—in the departments and at the exit.

A basic information medium is a freely illustrated employee handbook of forty-eight pages. This presents a capsule history of the company, explains the company's basic philosophy, and describes company policies, practices and services. There is a brief description of the company's major products.

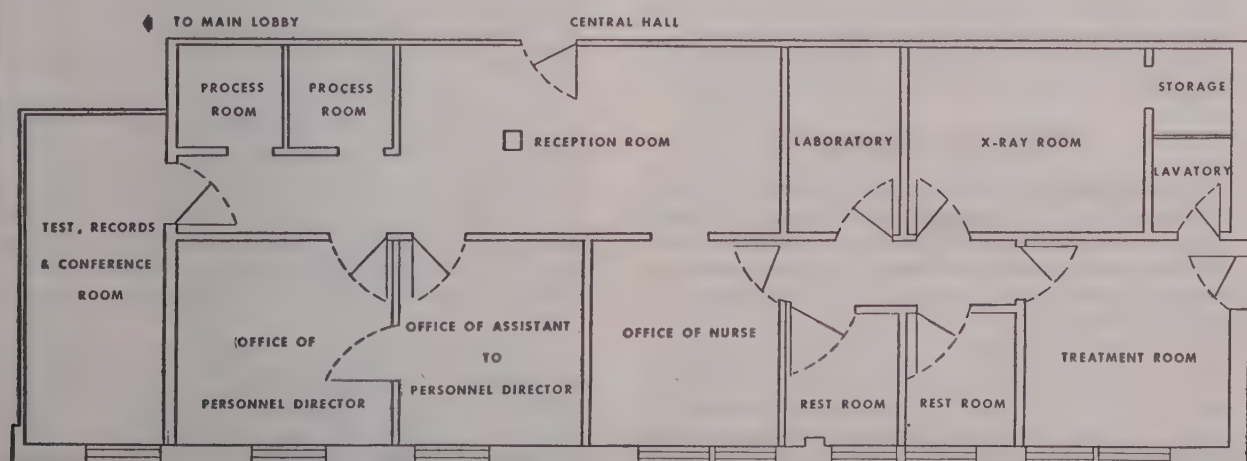
While many companies issue employee manuals, relatively few with only five hundred workers have one as comprehensive as that issued at White's. The personnel director wrote the copy, with the assistance of suggestions from department heads.

Near the glass-enclosed bulletin boards, employees can often find a pile of informational leaflets to which they can help themselves. Personnel buys them in quantity, and White members seem to like them. They are the type of leaflets often distributed on information racks—on social and economic subjects, particularly. "Getting Out the Vote" and "How to Budget Your Dollar" are representative.

An idea system was started in January, 1950. "Idea" means more than "suggestion," according to White's, and they prefer this term to the more commonly used "suggestion system." The personnel director and the department head most qualified to judge the value of a particular idea decide on the awards, which are in cash. There is no limit to the amount of money that may be awarded.

### PLANNING THE PERSONNEL OFFICES

Not many heads of personnel administration have a chance to plan their ideal working quarters from a functional standpoint, to figure out where they would



Layout of personnel division and dispensary, White Laboratories, Inc.



like to have their offices, the size and arrangements. Most often it is a matter of "make-do," and a newly organized personnel division is squeezed into an available corner of the plant. When architects were designing White's new building, however, every department head was given an opportunity to say what he wanted. The plan, to scale, which is reproduced on page 7, shows the arrangement chosen by the personnel director.

It was desirable, he thought, for Personnel to be as close to the front door as possible, and to be centrally located in the plant, so all workers could easily reach the offices, and particularly the dispensary. So Personnel is directly back of the main lobby, at the side of a central hall that leads from the lobby to the packaging and manufacturing rooms. The production offices are on the opposite side of the central corridor. The laboratories are in a wing of the building to the left, the cafeteria in a right wing. Administrative, sales and advertising, and accounting offices are on the second floor.

The personnel director had thought at first that it would be a good idea to have an entrance at the side of the building for the use of applicants for work (many companies have such an arrangement) but this didn't fit in well with the architectural design. A year's experience in the new quarters has shown everyone that it is far better for applicants to receive their first impressions of the company through the front door—the same as all other visitors to the plant.

There are six rooms in the personnel section. A reception room provides space for the secretary and is large enough to accommodate tables at which application blanks can be filled out. The personnel director and the assistant to the personnel director each has an office. There is a room in which to keep records and hold small conferences (plans are to use this room, too, in giving employment tests). And there are two "process rooms." The last are small rooms, each just big enough for a built-in desk with chair and lamp, where a newly hired worker can complete the various required forms and papers in quiet and privacy.

#### LAYOUT OF DISPENSARY

The dispensary or first-aid rooms are entered through the same reception room used by Personnel. In addition to the nurse's office, there is a treatment or examining room; an X-ray and fluoroscope room; a laboratory; two rest rooms, with a single bed each; and a lavatory.

A full-time registered nurse is on hand. A doctor who is on the research staff of White Laboratories spends two hours in the dispensary, from nine to eleven each morning, and is on call for emergencies. He reports to the director of research, who is also a doctor.

Pre-employment physical examinations are given to

all applicants, no matter what job is applied for. Periodic examinations are required of all who handle drugs. But annual, complete physical examinations are offered as well to all other members of the White organization. The nurse notifies each on the anniversary of his employment that it is time for a check-up. It is required for those who have been having any chronic ailments, for example, diabetics.

Examinations are thorough, including Wassermann test, urinalysis, electro-cardiogram, blood count (if the doctor thinks it necessary) and chest X-ray. All tests and analyses are made in the dispensary by the doctor and nurse. There is also equipment for diathermic treatment.

Personnel and the dispensary work very closely together. Inauguration of required pre-employment physical examination was one of the early steps taken in working out a uniform employment procedure. As a member of the drug industry, the company is particularly conscious of the value of health measures. The examinations are a protection against contagious diseases. Moreover, when a man or woman is employed, the company intends that it be on a permanent basis. It wants to know the employee's history from the start. If anything is wrong, the individual's health can be watched and assistance given.

#### INTERVIEW ALL WHO APPLY

Everyone who applies at the plant is granted an interview, whether or not there is a vacancy at the time. Records over a period of years show that ten applicants have been interviewed for each one hired. While this takes time and adds considerably to the work of the staff, it is felt, apart from all else, that it pays in good will to the company. Every letter of application is acknowledged, and an application blank enclosed, no matter how unpromising the correspondent appears to be. It sometimes develops that an applicant has attributes not brought out in his original inquiry, and sometimes the application forms are passed on to others who are very desirable.

Besides the unsolicited applicants who call at the plant or write, the company obtains workers through newspaper advertising and through interviewing persons who are suggested by employees or are referred to the Laboratories by other concerns in the neighborhood. The personnel director often talks to high school classes, and while attending scientific conventions does some scouting for professional and technical help.

Interviewing is shared by the personnel director and his assistant. The former talks with applicants for laboratory, top secretarial and administrative positions; the latter handles the rest. Except in the case of packers, all selected candidates are referred to the proper department head for his approval or rejection.

*(Continued on page 29)*



# Removing the Obstacles to Good Employee Communications

This is a summary of the Round Table conference held at the 333rd Meeting of the National Industrial Conference Board. The chairman was Forrest H. Kirkpatrick, Assistant to the President, Wheeling Steel Corporation. Panel members were:

George W. Brooks, Research Director, International Brotherhood of Pulp, Sulphite & Paper Mill Workers (AFL)

R. S. Driver, Assistant Manager of Industrial Relations, Atlantic Refining Company

W. V. Merrihue, Manager, Employee Relations, General Electric Company

Paul Pigors, Associate Professor of Industrial Relations, Department of Economics and Science, Massachusetts Institute of Technology

Austin J. Rinella, General Works Superintendent, Norma-Hoffmann Bearings Corporation

Carl R. Rogers, Professor of Psychology, University of Chicago

**CHAIRMAN KIRKPATRICK:** Few subjects in the field of personnel relations are getting as much attention as communications with employees.

Communications means different things to different people. Even when you think of it in terms of your own local situation, the picture is different. It can mean anything from getting a notice tacked on the bulletin board to deeply personal interactions between the employee and his supervisor.

Most of the discussion in the past has been on the kinds of media that are used—bulletin boards, letters from the president, economic tracts, information racks, company newspapers, management bulletins, etc. There have been a hundred different types of media tried and used, with varying degrees of success. But there has been very little evaluation as to whether these things really change any attitudes. So the discussion this morning will, we hope, be analytical.

Our discussion will be analytical in the sense that we will ask the questions: "What are the obstacles to good communications?" "What are the things that keep us from getting a message across to workers?" "Is there any necessity for communication?" and "What, after all, do we expect to happen when a message is put across?"

Then we hope to wind up with some positive suggestions as to what can be done to develop better communication between management and worker, and, I should also say, between worker and management.

Certainly we must begin with the assumption that we want to communicate, we want to be in touch with our employees, we want to feel that they understand some of the management problems.

We also want to understand some of their problems. We want to have a feeling and an awareness of the things that are on their minds and in their hearts. We want to know how we can hear from them and how they in turn can hear from us.

## ESTABLISH THE RIGHT "CLIMATE"

**MR. MERRIHUE:** The primary question is how to establish the right climate.

The biggest single obstacle to real two-way communication is the fact that the head man—president, superintendent or general manager—does not establish the proper climate for communication. He may eventually be dragged to it unwillingly or he may go to a meeting such as this and see that everybody else is doing it and decide to "keep up with the Joneses." But he, himself, has not changed at all. Everybody knows it, and you have a bad climate for communication.

One of the big obstacles is the fact that a great many managements communicate with their employees only in times of crisis. They wait until they are threatened with a strike or have a major work disturbance.

It is impossible to gain the credibility of your employees under these circumstances. I believe, then, that in order to remove that obstacle, you must (1) have a desire to communicate—a very sincere desire; and (2) you must work at it and make it a continuous process so that when a time of crisis comes, you have an established communication medium or channel to your people. Then people will be more inclined to believe what you have to say.

## The Closed Mind

**A CONFEREES:** Management has frequently attempted to communicate with employees but has run headlong into closed minds, skepticism and mistrust.

**MR. DRIVER:** Management groups for years have



### Key Points in the Conference

There are a lot of obstacles in the path of good employee communications. The panel members identified many of them during the session and discussed methods of overcoming them. They are grouped under these four headings:

Establish the Right "Climate"	page 9
Listen to Your Listeners	page 11
Train Foremen in Communication	page 36
Choose the Right Subjects	page 37

been telling each other "People won't believe what we say," and "We don't think we have an employee audience." Therefore, to get any kind of audience, oblique, round-about ways are taken in the hope somehow that this potential audience can be won over.

But perhaps we should be more direct. Perhaps we should be more courageous.

**DR. ROGERS:** It is true that management seems to have gone for the oblique approach. Perhaps if they showed a real desire for two-way communication, if they understood adequately the point of view the workers are trying to express to them, as they hope the workers will understand their point of view, there might be an increase in genuine two-way communication.

In my experience with individuals rather than with industry, difficulty rarely arises if communication is genuine and if the person expresses his attitudes as he really feels them. But if he says one thing when actually he means another, then that is propaganda. It is usually met with skepticism or antagonism, which are other names for "a closed mind."

**MR. RINELLA:** Employees definitely do not have open minds, and they won't have for some time to come. Just a few years ago an employee was restricted in what he could say or do in a plant.

Today things are changed, and I think management is now coming along with this change. Management is beginning to recognize that good communications are the basis for good and efficient plant operation. But they must first gain the confidence and the good will of the people before those people will have open minds and be willing to listen without question to what management has to say.

You can write them letters and you can issue plant newspapers, but until you gain the employees' confidence and show them by actions and not by words that you are sincere in what you are doing, you will never get the majority to have an open mind.

**MR. DRIVER:** This generalization that employees

do not have an open mind is a very dangerous one. My feeling is that the employees probably do have an open mind, or to put it in reverse, their minds are no more closed on certain issues from certain sources than they are to other issues from other sources. And the key to opening people's minds lies in some of the things which have been mentioned here, such as sincerity, honesty or courageousness.

The idea that everybody's mind is closed, that people's minds can only be changed through some overt action is not necessarily correct.

**MR. RINELLA:** I did not mean that the employee's mind is completely closed.

In the past, management rarely gave out any information about the plant. If, within the last couple of years, they have found that it is advantageous to get information down to the people, you cannot expect that the man at the machine will change overnight.

A very short time ago, perhaps five years, you would not let people smoke at their place of work, whether it was dangerous or not; today you supply them with ash trays. They say to themselves, "What gives?" They need a little time to think over this change.

They are not completely convinced yet that management is really sincere. But the time is fast approaching when more and more people will become convinced that management is sincere and genuine. As time goes on they will reach the point where they do have open minds, so that when management tells them something they will believe it 99%.

But today they are on the fence; they may believe management, and they may not.

**A CONFeree:** Regarding this subject of whether employees have an open mind or not, I know of a small company in the Middle West employing about 600. They had strikes every year and work stoppages almost every month for years.

Then about six years ago the new president decided to start a program of communication. He began by studying management's attitude as well as the employees' attitudes to get to the root of the difficulty. It took some time before there were any effective results.

Eventually he started writing letters from the president's office, one of the key points of the program. In them he explained frankly such things as why the company made new time studies, why they bought new machinery, and so on.

They got a new high-speed press just after this program was started. It was to be used to treble the production of turbine blades. They had always had grievances from the union whenever they had previously asked for increases in productivity.

In his letter, the president of the company frankly explained how the machine would help to keep business in the forge shop which would otherwise go to a pressure casting or some other type of process.



He said, "We have bought this machine, and by the time it is installed and the accessory equipment acquired, it will stand us \$125,000. But in order to make it perform its service for us, and for you, we will have to get out three times as many blades per hour."

He sent that letter out with some fear. Instead of getting the usual grievances from the union, the steward came in three days later and said, "Hell, this is good stuff. Why doesn't the management do this more often?" And they have never had a grievance on the machine, although it jumped the number of pieces produced from forty to 125 an hour.

I think that illustrates the fact that employees' minds are not closed if you can get the proper climate so that they will see that there is something in it for them as well as for management.

### How To Improve the Climate

**CHAIRMAN KIRKPATRICK:** Several of you have mentioned the term "climate." But no one has said specifically what you do to improve the climate. It is like the weather, do we just have to take it as it is? Or can we do something about improving the management climate?

**MR. PIGORS:** We can improve the climate.

We know, for example, that managements have tremendous difficulty getting employees to understand policy statements. In order to get the right climate, management sets forth carefully prepared and carefully worded policy statements. They are highly idealistic, but middle management does not understand them, and the workers certainly do not understand them.

By experiment and research, we have found out that the only practical way to make policies is to have the top executive make policies only for the people with whom he deals face to face. Then he can exemplify these policies both in writing and in his daily actions. They will understand and accept gradu-

ally, but if they have any doubts, and if the top man really means business, he allows them to express those doubts.

Then this second level in turn makes policies within this general frame of reference for their subordinates. And it goes right down the line, so that this business of expressing words is backed up by demonstrable actions and daily living. In that way you gradually establish the climate.

When you make too big a jump in the communication line—when you go all the way from the top to the bottom in a single step—there isn't any link that people can grab hold of. It is just outside the context of their experience.

If top management really wants two-way communication, it must be ready and willing to take constructive criticism or such honest reactions as "I don't understand what you are talking about." The communication should proceed level by level until it reaches the bottom and then all the way back again. Gradually, then, you do establish this give and take.

### LISTEN TO YOUR LISTENERS

The chief problem, in my mind, is simply this: does top management really want effective communication in the sense of a democratic group point of view? I am interested in the type of communication that aims at cooperative activity. In other words, every corporate member wants to understand every other corporate member and work together with him. That is one of the objects of communication, so that there is understanding and agreement.

And that is what I mean by democracy. To me, it is nothing high flown. It is just man-to-man talk at any level. If I happen to be at the work level, I am invited to state what my ideas are, and what my problems are.

When I speak of "the democratic practice," I merely mean to establish a relationship where you feel free to say, "I don't know what you mean. Please explain it." How many managements are there in which the employees at any level feel free in conference to come out and say, "I don't know what you're talking about."

### A Democratic Process?

**MR. BROOKS:** I am a little disturbed about Mr. Pigor's use of the word "democratic" in connection with this problem. It might be a serious mistake to pretend that an industrial company is a democracy, or ought to be. Perhaps some of the machinery we have developed in democracy is useful toward this purpose, but the notion that the company is a commonwealth in which every employee has an equal stake, that the laborer has the same stake in the company as the president, is not only nonsense but dangerous nonsense.

(Continued on page 32)

"It might be a serious mistake to pretend that an industrial company is a democracy, or ought to be. Perhaps some of the machinery we have developed in democracy is useful toward this purpose, but the notion that the company is a commonwealth in which every employee has an equal stake, that the laborer has the same stake in the company as the president, is not only nonsense but dangerous nonsense."

"The notion that the company is a general experiment in democracy, instead of the business of making something at a profit, is a bad notion. We have got to communicate even though it isn't a democracy." Mr. Brooks



# Employee Savings and Investment Plans

**I**N SPITE OF the unpleasant experience with employee stock purchase plans during the Thirties, as well as the current widespread belief that they are ill-adapted to the needs of wage earners, the objectives of such plans still remain attractive to many people. Some of the key objectives are:

- Promoting employee thrift
- Helping employees identify their own welfare with that of the company and the prevailing economic system
- Augmenting retirement income
- Providing a hedge against inflation.

The ownership of company stock by employees can, in the right circumstances, help to meet these objectives, many people believe. But since the days of the depression, companies wanting to establish employee stock ownership programs have had to face a basic problem—how to devise plans which would accomplish the desired ends and still avoid the pitfalls of the usual kinds of stock purchase plans. Planning along these lines has resulted in the development of new types of employee stock programs which will go a long way in solving this problem, their advocates believe.

Some companies believe that they have met the challenge by modifying the stock option idea to meet the needs of rank-and-file employees.<sup>1</sup>

Other companies have adopted employee savings and investment plans which have stock ownership features. These plans are often called thrift plans. Probably not more than twenty-odd plans of this type are in existence at present, a few of them dating back to the Twenties or Thirties. But the majority were adopted in 1950 or later.<sup>2</sup> Most thrift plans are found in large companies, and they are heavily concentrated within the petroleum industry.

## DIFFER FROM STOCK PURCHASE PLANS

Under most stock purchase plans, the employee agrees to buy a specified number of shares, at a specified price, to be paid for within a specified time. Under the employee thrift plan, on the other hand, the par-

ticipant builds up a fund through regular payroll deductions. The money he saves in this way is augmented by a contribution from the company. The company either adds its own contribution to the employee's fund and buys the stock for him on the open market or gives him the stock as a bonus on his savings.

The employee does not stand to lose any money under this type of plan; he may withdraw at any time and get back at least as much as he has put in. Another safety factor is provided by the investment of fixed sums from time to time regardless of the current price of the stock. More shares are bought for him when the price is low, fewer when it is high.

The cost of the stock over a period of time under this weighted dollar average will always be less than the straight arithmetic average of the monthly prices. The participant in an employee savings plan is not affected by price fluctuations and runs no risk of being "hooked" at a temporarily high price.

Also, this type of plan allows the company to avoid putting itself in the position of selling its stock to its own employees. The stock is either bought for the employee by the company, or presented to him as an outright gift.

## TYPES OF SAVINGS PLANS

Savings plans may be divided into two major categories based upon how soon the employee gets actual possession of the stock. One type is the terminal-distribution plan, under which the securities bought with his own and the company's money are held in trust for the employee until he retires, dies, or withdraws from the plan. However, the employee is usually permitted to withdraw a portion of the stock in his account after he has been a participant for a few years.

The other type is the periodic-distribution plan. Plans of this type usually require the employee to leave the securities bought with his own funds on deposit with the trustee for a certain length of time in order to receive the stock contributed by the company. The plans are divided into definite periods, usually called "terms" or "trusts." In some cases the term is three years long; in other cases, five years.

At the end of the term, the employee receives all the securities bought during the term with both his own contributions and the company's. Employee deposits are made only during the first year of each term; the remainder of the term is a holding period for his de-

<sup>1</sup> This type of plan is described in "Stock Ownership Plans for Workers," *Management Record*, November, 1952, and analyzed in detail in a forthcoming *Studies in Personnel Policy* entitled "Stock Ownership Plans for Workers."

<sup>2</sup> "Employee Savings and Investment Plans," a forthcoming *Studies in Personnel Policy*, presents a detailed analysis of eighteen of these plans. The report is published as a companion piece to "Stock Ownership Plans for Workers."



posits. A new term begins each year, however, so that for the employee who wishes to remain a participant, the plan is actually an uninterrupted one.

The holding-period requirement prevents the employee from immediately selling his securities. If he did so, these companies evidently reason, he would be defeating the purpose of a savings plan, and there would be no point in his receiving a stock bonus as a reward for thrift. A few periodic-distribution plans, however, do not have holding-period requirements. The employee receives the securities bought with his own funds as soon as they are paid for, and receives the stock from the company either at the end of the year or as soon as a certain number of shares have been bought with his own funds.

The terminal-distribution plan is designed to supplement the company's pension plan through the accumulation of a sizeable sum to be paid to the employee at the time he retires. The periodic-distribution plan, on the other hand, emphasizes the value of the employee's actually becoming a stockholder of the company, with all a stockholder's rights and privileges, while he is still in the company's service.

#### EMPLOYEE AND COMPANY CONTRIBUTIONS

For his stock purchase fund, the employee authorizes regular payroll deductions of a certain percentage of his pay. The smallest deduction allowed under any plan in this study is 1% of pay; the largest is 15%.

The company contributes to the employees' accounts according to a definite formula. This contribution, in the plans studied, may be as low as 15% of the employees' contributions or as high as 66 2/3%. The most common ratio is 50% of the employees' contributions. Some companies base their contributions to the plan on their profits.

#### INVESTMENT POLICIES

The funds accumulated through company contributions and employee allotments are invested in securities of various kinds. The investment programs in the plans studied cover a wide range. Some companies, for instance, provide for the purchase of U. S. savings bonds by the employee and add a bonus of company stock. At the other extreme, some companies offer a choice of three different types of securities—government bonds, company stock, or shares in an open-end investment trust.

An important factor in determining the investment policies of a plan is the question of how much risk the company feels its employees should be allowed to take. Some companies believe that the employee's own money should be closely safeguarded. These plans provide that only the company's contributions may be invested in its own stock, and require the employee's funds to be invested in government bonds.

Other companies believe that one of the chief values of an investment plan is the opportunity to educate employees in the workings of the stock market. The plans of these companies give the employee the choice of investing both his own and the company's money in government bonds, company stock, shares in an investment trust, or in a combination of the three. Other plans offer only company stock as an investment channel for both the employee's and the company's funds.

#### EXPERIENCE WITH PLANS

The few companies whose plans have been in effect for several years say that, in general, they are well satisfied. However, most of the plans have been in operation too short a time to permit any real evaluation. But the rate of employee participation (the median among the plans studied is about 86% of eligible employees) indicates a high degree of employee acceptance.

LOIS E. FORDE

*Division of Personnel Administration*

#### Industrial Medicine Seminar for General Practitioners

Many a community physician has been asked to build an employee health service, on a part-time basis, for a company in the area. A guide for these physicians will be provided through a special project, set for April 3 and 4 at the Harvard School of Public Health. This project is a two-day seminar sponsored jointly by four groups—the American Academy of General Practice, the Council of Industrial Health of the American Medical Association, the Harvard School of Public Health, and the Liberty Mutual Insurance Companies.

The seminar is another step in the continuing effort of medical groups and institutions to acquaint the community doctor with the basic requirements of an industrial health program. It will be set up particularly for general practitioners and others interested in industrial medicine, and will be divided into four sessions. The first session will concern handling of injuries; the second, occupational disease; the third, industrial medical practice; and the fourth, the relationship of general medical practice and industrial medical practice to the country's problem of medical care.

Proceedings of the seminar will be reproduced for distribution to universities and medical societies as a guide for setting up similar seminars.



## UNIONS CONTEMPLATE "WHAT'S AHEAD"

**L**ABOR UNIONS were having second thoughts on what many of them view as the twin tragedies of November—the Republican victory, and the loss of Philip Murray and William Green. Most unions were in a contemplative mood. And, as reflected in the labor papers, their concern centered around union relations with the government and union relations between the CIO and AFL.

### On the Election

A *Butcher Workman's* editorial (Meat Cutters and Butcher Workmen, AFL) by President Earl Jimerson and Secretary-Treasurer Patrick Gorman provides candid reflections on what's been and what will be:

"Organized labor may have to, from now on, make it the hard way. Perhaps this will be for the better. During the next four years there will be no Senator Robert Wagners appearing on the scene to sponsor laws that will give the workers benefits on a silver platter. There will be some who may attempt to weave for the workers a crown of thorns.

"If during the twenty-year Democratic regime the membership of the American Federation of Labor increased from 2 million to more than 8 million, few will deny that a lot of the old spirit of organized labor diminished and to some extent was entirely lost. It was difficult for a local union having several thousand members to muster more than a 'corporal's guard' at the regular union meeting. This showed a woeful lack of interest. Some local and national union officials grew lazy. They were swivel chair and push button artists. Instead of having local union meetings twice monthly, as in the old days, they were content to have quarterly, semiannual and even annual meetings. They did not have to do much planning and, certainly, no sacrificing to organize or keep a union. . . .

"If the ease with which things were obtained under protective Democratic laws was a sort of shot in the arm which gave the trade union organization large numbers, its easy life was giving it a woefully weak body. Its ease of activity made it muscle bound, and thousands upon thousands of trade union members did not even know the name of the president of their own local union. Little or no effort was needed. The dues of the membership were deducted by the employer and sent on to the union. This may be good and we hope it continues. . . .

"We do not believe that even the United States Chamber of Commerce will be so foolish as to even suggest the destruction of organized labor, because the trade union movement and decent capitalism is the only remaining thin curtain between democracy and communism. If by vicious legislation the characters of all labor unions would be removed from the halls of trade union meeting places, we have the feeling that more than half the 16 million who now believe in democracy would, within a month's time, develop into believers and workers for communism.

"The jolt which the trade union movement received on election day will be good for it. We will sleep better in knowing we are making it the hard way. The swivel chair is gone."

### On Martin Durkin, Secretary of Labor

AFL and CIO papers alike applauded the appointment of Martin Durkin, president of the AFL Plumbers union to the post of Secretary of Labor. *The East Tennessee Labor News* (AFL) believes that President-elect Eisenhower made a "shrewd decision" in picking Durkin. The paper says "he gave recognition to the importance of the labor movement. Neither under the New Deal nor Fair Deal had a trade unionist been Secretary of Labor, and Ike thus plowed new ground."

Labor's surprise at the Durkin selection was reflected in Mr. Durkin's own plumbers' union *Journal*. In an article published shortly before Mr. Durkin's appointment, the plumbers' *Journal* said:

"One tip off on the new administration's attitude toward labor may be in the man General Eisenhower selects to represent him in Washington on labor matters during the interim period before January 20. If one is selected to confer on labor or stabilization matters, the known views of such individual can throw light on the General's own attitude."

### On AFL-CIO Relations

*The Butcher Workman*, in another editorial, renews its call for a unified labor movement which "... should, and must be, created to the memory of William Green and Philip Murray." Obstacles could be surmounted according to the editorial. "If there are jurisdictional problems existing which may hold back trade union unity, a few more would not make the situation worse

because both the CIO and AFL have been plagued with such problems for years." Speaking of its own problems in such a unity move, *The Butcher Workman* says:

"Our own organization has little respect for the integrity of the national officials of the United Packinghouse Workers of America, CIO, but with a unity movement in progress, even though we tried before and failed, we stand ready again to meet with these gentlemen."

While many other labor unions joined in the call for unity (a *Machinist* editorial carried a letter to Santa Claus saying the one thing it wanted this year was labor unity), a sour note was sounded by the CIO Textile Workers. In an editorial labeled "One Bar to Labor Unity," *Textile Labor* warned that the "AFL itself has created a new obstacle in the last year by lending official support to the conscienceless union splitters lead by George Baldanzi. By financing their raiding operations, the AFL dealt a stunning blow to the cause of peace. Certainly a disavowal of Baldanzi and his gang by the AFL is an essential preliminary to any real unity program."

However, at least two unions are already engaged in active steps toward unity. The *AFL News Reporter* says that the Masters, Mates and Pilots union, AFL, and the Marine Engineers' Beneficial Association, CIO, were expected to merge soon after the first of this year. The CIO's MEBA has about 12,000 members and the AFL reports there are 10,000 officers in the MM & P. Under the merger plan being explored, the CIO unit would be "absorbed" by the AFL unit and receive a charter of affiliation from it. Each would have equal representation in all matters affecting the union. The Engineer union's sole financial obligations to the national organization of the Pilots would be a per capita tax of 10 cents per month. And, even though acting as one union, *The Master, Mate and Pilot* says that the national officers of the two unions would continue to be governed exclusively by their own constitutions; each would have autonomy.

#### Co-determination OK for Germany, Not U.S.

Co-determination is necessary in Germany, but the AFL doesn't seek it in the United States, according to George Meany, AFL president. Mr. Meany clarified the AFL's position on this matter in a letter to the German Federation of Labor, reports the *AFL News Reporter*. The AFL doesn't seek co-determination (trade union participation in management) in the United States, said Mr. Meany, because "we are able to protect and promote the interests of the working people through our strength in collective bargaining. However," continued Mr. Meany, "we can readily understand the aim of your organization to utilize co-determination as a means of defeating the attempts of big industrial and financial magnates to resume the domineering and dominant position in the economic life of the German people."

JANUARY, 1953

#### Teamsters' Beck Promises Expanded Organization

The development of a central economic and statistical service and a national public relations and promotional department are among the changes planned for the AFL Teamsters union by its new president, Dave Beck. In a statement of policy printed in *The International Teamster*, Mr. Beck promises to stress organization and protection of Teamsters jurisdiction. He promises to concentrate on economics rather than politics, and to seek peaceful labor relations. The strike weapon, says Mr. Beck, is to be used only as a last resort. The new central economic research unit is essential to meet the expanding needs of the union, explains Mr. Beck. "We are dealing with complex problems of industry in which we must understand the problems of economic development, contact negotiations, government relations, and the changing character of industry."

#### Textile Union Sets Northern Wage Demands

In preparation for coming negotiations in northern textile mills, the CIO's Textile Workers Union of America is meeting this month to map wage demands. The union's bargaining strategy for 90,000 employees in 400 cotton-rayon mills will aim at restoring wage cuts taken last year as a result of arbitrators' decisions, reports *Textile Labor*. Wage demands for 60,000 employees in 150 woolen-worsted mills will be formulated separately from those of cotton and rayon.

#### CIO Textile Union Shows Where Money Goes

More than half of every dollar in dues received by the Textile Workers Union of America, CIO, is spent in organizing activity, according to *Textile Labor*. Based on expenditures for the 1950 to 1952 period, the CIO Textile union breaks down the dollar it spends this way:

- 52.5 cents for organizing
- 20.3 cents for strike support
- 8.7 cents for per capita payments to the CIO and Canadian Congress of Labor
- 6.3 cents for maintenance
- 4.8 cents for publicity
- 3.3 cents for administration
- 1.5 cents for research
- 1.4 cents for education
- 1.2 cents for legal matters

#### IUE-CIO Shows '52 Expenses Top Income

Income of the International Union of Electrical Workers, CIO, for the year ending September 30, 1952, reached \$2,194,101.81 with all but \$40,000 coming from dues, according to the financial statement in *The IUE-CIO News*. During the same period, the IUE's report shows that it spent \$59,961.16 more than it took in. Net worth of the union amounts to \$190,102.30.

HAROLD STIEGLITZ  
Division of Personnel Administration



## Briefs on

# PENSIONS AND OTHER BENEFITS

### Pension Plans Continue to Mount

The Bureau of Internal Revenue, during the fiscal year ending June 30, 1952, issued 1,222 rulings regarding qualification for pension, profit sharing and stock bonus plans submitted under section 165(a) of the Internal Revenue Code. This is a somewhat smaller number of plans than was passed on during the previous year, when 1,897 rulings were issued. In the aggregate, the bureau has issued 17,018 rulings as to qualifications of such plans under section 165(a) since 1942. The accompanying tabulation shows the rate of increase over the past four years:

Year Ending June 30	Cumulative Number of Rulings	Increase Over Preceding Year	Per Cent Increase
1949	12,865	1,123	9.6
1950	13,899	1,034	8.0
1951	15,796	1,897	13.6
1952	17,018	1,222	7.7

Since 1942 the bureau issued 1,271 rulings on complete termination of pension, profit sharing and stock bonus plans. It does not report, however, whether termination was completed.

It is impossible to judge the total number of qualified plans now active. Some indication of this total may be obtained by subtracting the total number of rulings on terminations (1,271) from the total number on qualifications of plans (17,018). This difference, 15,747, is by no means an accurate tally because it includes rulings on plans not yet adopted. The number of rulings on discontinuances may also be larger than the number of actual terminations because they include plans on which rulings have been made but which have not yet been abandoned.

### Pension News

The Radio Corporation of America has revised its pension plan in many respects. The four major provisions, effective December 1, 1952, are:

- Reduction in employee contributions. Previously employees contributed 2% of the first \$1,820 base pay, 4% of the next \$1,300, and 6% of everything over \$3,120 a year. The new schedule of contributions is 2% of the first \$3,600 annual base pay and 5% of pay in excess.

- The benefits under the previous plan were of the

money-purchase type. The amount of retirement annuity bought per dollar depended upon age, sex and earnings. Each year the employee's dollar bought less annuity. Now the plan provides for an annual fixed benefit equivalent to 40% of the employee's total contributions.

- The plan provides for a minimum pension of \$125 a month, including Social Security, for employees with twenty-two years of retirement plan service, including credited past service. The minimum is scaled down by 3% for each year less than twenty-two, to a minimum service record of seven years.

- The \$125 a month minimum is extended to employees already retired, if they have twenty-two years of credited retirement plan service, with the same scaling down for less than twenty-two years of participation.

\* \* \*

Dow Chemical Company has prepared a sprightly booklet explaining its pension and profit sharing plan. Management believed that even this simplified version of its plan might be too complicated for some employees. Therefore, it decided to send to each participant an estimate of his monthly pension, together with a letter of explanation. This communication was very well received by employees, and the company intends to follow this procedure in the future.

\* \* \*

If the stockholders approve, E. I. du Pont de Nemours and Company will pass on to employees the increase in Social Security benefits. The proposed amendment to the pension plan provides that the pension payable at age sixty-five or August 31, 1952, whichever is later, shall not be reduced because of any increase in Social Security occurring after that date.

Upon approval of the plan, employees pensioned and sixty-five years of age, will receive from the company the same amount they received in August. In addition they will receive a separate check for the amount of increase in Social Security for the seven months' period, September, 1952, through March, 1953.

\* \* \*

In October, 1913, doctors of a meat packing company agreed that John Doe was a very sick man, with

a heart so weak that any strain might cause it to fail. John is still on the pension roll at age ninety-two. He is the oldest pensioner and has been receiving a disability pension for nearly forty years.

### New Bank Profit Sharing Plan

The National City Bank of New York is submitting to stockholders a profit sharing plan which will supplement the bank's retirement benefit program. The profits will be distributed in cash at the end of a two-year period to employees earning up to \$6,000 a year. Distribution of profits to employees earning in excess of \$6,000 will be deferred until they retire, die or sever their employment. Employees earning less than \$6,000 a year may, however, request that their payments be deferred.

The basic profit sharing formula under the bank's plan is an amount equal to the lesser of:

(a) 3% of the combined net current operating earnings, before income taxes, or

(b) One quarter of the balance of profits after taxes and after deducting 5% of the capital fund.

**Basic contribution:** Eligible employees receive up to 5% of the first \$6,000 a year of their basic compensation. Interest at 3% per year is also provided for employees earning less than \$6,000 a year for the two-year period, during which payments are required to be deferred under present Treasury rulings. The full basic contribution must be made before any part of the supplemental incentive contribution may be paid.

**Supplemental Incentive Compensation:** To the extent there are funds left under the over-all limitations, 1.5% of the combined net current operating earnings before taxes is reserved for distribution to employees earning over \$6,000. To these employees is allocated up to 7.5% of compensation in excess of \$6,000, provided this contribution does not exceed one eighth of the residue of the year's combined net operating earnings after taxes and after deducting 5% of the capital funds. If the amount of basic or incentive compensation is insufficient to allocate the full amount, the individual's share will be proportionately reduced.

### Increased Insurance Protection

Lockheed Aircraft has revised its group insurance coverage. The company will pay the entire cost of the employee's coverage with the exception of the 1% that employees now pay under the state disability law. The plan provides for \$4,000 life insurance and an equal amount for accidental death and dismemberment for employees earning less than \$95 a week. Larger benefits are provided for employees earning over \$95.

Polio benefits of \$5,000 (double the former amount) are also payable. Weekly disability benefits have been upped from \$30 to \$35. Benefits for dependents are paid for by the employee.

\* \* \*

American Can also announces increased medical benefits, the cost of which is borne by the company. The daily hospital benefit for room and board has been doubled for both employees and their dependents. The rate is now \$10 a day for thirty-one days. The incidental hospital expense benefit has been raised from \$50 to \$100. The maximum surgical fee has also been increased from \$150 to \$250 and in-hospital medical service benefits from \$3 to \$4 a day.

\* \* \*

Commonwealth Edison Company, Chicago, also has improved its insurance coverage. Its new contributory life insurance plan provides for insurance coverage equivalent to a year's salary. For employees with five years' service, there is paid-up life, with term insurance for employees with six months' to five years' service.

### Lincoln Incentive Bonus

Lincoln Electric Company's year-end bonus amounted to \$5,131,810 and was distributed among its 1,208 employees. The amount of the individual's bonus varied with management's evaluation of his contribution to the success of the company.

F. BEATRICE BROWER  
Division of Personnel Administration

### The Older Worker in Literature

"Where to Retire and How"—Guide on planning for retirement, jobs, hobbies, housing, climates and places. By Fessenden S. Blanchard, Dodd, Mead & Company, New York, 1952, 299 pp., \$5.

"Some Observations on Executive Retirement"—Recognition of retirement problems for business employees has been growing, but the problems of the executive in adjustment to retirement have received little attention. This study is based largely on interviews with business administrators and retired executives. By Harold R. Hall, Division of Research, Graduate School of Business Administration, Harvard University, Boston, 1953, 298 pp., \$3.75.

"Employment and Economic Status of Older Men and Women"—Provides information on population trends, employment and economic trends which affect the older age groups. United States Bureau



of Labor Statistics, Bulletin No. 1092, Superintendent of Documents, U. S. Printing Office, Washington 25, D. C., May, 1952, 50 pp., 30 cents.

**"Retirement—A Second Career"**—This bulletin, made up of teaching units, suggests an organized workshop-type plan by which public schools can help mature men and women think through the essential problems of retirement. *The University of the State*

of New York, State Education Department, Bureau of Adult Education, Bulletin No. 8, Albany, New York, No date, 70 pp. Price not given.

**"Age Is No Barrier"**—Another in the series of the problems of the older worker. *New York State Joint Legislative Committee on Problems of the Aging*, Thomas C. Desmond, Chairman, Albany, New York, 1952, 171 pp., free.

## Trends in

# LABOR RELATIONS

## Contract Sets Job Evaluation Purpose

In clear and simple language, the purpose and limitations of job evaluation are set forth in the contract of the Eagle-Ottawa Leather Company and the United Automobile Workers, AFL:

### "(A) THE PURPOSE OF JOB EVALUATION

"Job evaluation is a systematic method of comparing the requirements of a job with those of other jobs within the plant. Its purpose is to eliminate the conditions where jobs having the same basic requirements receive widely different rates of pay.

"Job evaluation must not be interpreted as a remedy for all industrial relations ills. However, it is an aid toward that end by placing an equitable relationship on each job.

"In a broad sense job evaluation should not be regarded as scientific in nature. It is only the result of pooled human judgment. Very largely it is a means of refining an opinion and is based on past experience.

### "(B) LIMITATIONS

"Certain basic principles must be recognized and adhered to in the successful application of a job evaluation plan.

"1. Jobs are evaluated—not the individual on the job.

"2. Capabilities or deficiencies of individuals are not to be considered.

"3. Wherever possible, facts about the requirements of a job are to be considered rather than opinions.

"4. Job evaluation should not be used as a means of indiscriminately raising or lowering base rates of pay—facts should be adhered to.

"5. Job evaluation does not consider the volume of work an individual may or may not turn out.

"6. The job specification sheet and the accompanying job description are designed and intended as a medium of recording the basic information about a job and should not be used for other purposes than as a tool to aid evaluation.

"7. These documentary records should not be used as

a means of establishing job prerequisites nor as a basis for refusal to perform temporarily assigned duties under emergency conditions."

## Discourage Supervision by Close Relatives

Working under the supervision of close relatives is discouraged by a western oil company's contract with the CIO Oil Workers. The contract provides that: "an otherwise eligible employee shall be disqualified for bidding on or assignment to vacancies in cases where he would be under the direct supervision of his father, son, brother, half-brother, son-in-law, or brother-in-law."

## Company Grievances Subject to Grievance Procedures

The company as well as the union can process grievances under a contract between the CIO Steelworkers and an eastern steel company. The clause reads as follows:

"Company Grievances—The grievance procedure may be utilized by the company in processing company grievances. In processing such grievances, the company shall observe the specified time limits in appealing and the union shall observe the specified time limits in answering."

## Leaves Granted for Governmental Jobs

An employee who is elected or appointed to a governmental post is granted a leave of absence under the following clause in a CIO United Automobile Worker contract with a midwestern company:

"Any employee who is elected or appointed to a position with the union or with the Congress of Industrial Organi-

zations, or who is elected or appointed to a temporary national governmental position, or who is elected to an office in the State of Illinois, or who is appointed to a temporary position in the department of labor of the State of Illinois, shall, upon written request, be granted a leave of absence for the period of such service, provided that no more than twenty such leaves of absence shall be in effect at any one time."

### Exam Determines Who Is "Qualified"

"A qualified person," under the seniority clause of a southern chemical plant's contract with the AFL Chemical Workers, "shall be one who has passed the examinations required for the job." To help the employee with such examination the contract provides:

"In the interest of promoting a more efficient and capable maintenance force, the company hereby agrees to set up a lending library of books dealing with the classified crafts at its plant.

"These books may be checked out to any employee for the purpose of obtaining knowledge of any class job. The employee will be responsible for the book he checks out.

"Examinations composed of questions from the text books will be given at six-month intervals following a three-day notification to all employees.

"The examination shall be in writing and shall be given in the presence of a union member of the employees' labor relations committee. It is further agreed that a written examination shall count 50% and the employee's work shall count 50%."

### Pay for First Aid Training

The worker is paid for first-aid training under an eastern company's contract with the CIO Paperworkers:

"The company will train an employee in first aid so as to take the place of the nurse when a full shift is not working, said employee to be compensated for such."

### Controlling Accumulation of Sick Leave

How to control accumulation of unused sick leave is a headache that besets contract negotiators. The two extreme solutions are: (1) unlimited accumulation of all sick leave, which means that unused sick leave becomes added vacation time; (2) the canceling out of all unused sick leave. The latter program brings with it a conflict between the employee's desire to use up every day of unused sick leave before it is cancelled, and the company's desire to control sick leave so that it used only for legitimate illness. A compromise between these two extremes was worked out

by a midwestern utility company and the AFL Gas Workers Union in which an employee can accumulate approximately half his sick leave:

"All employees will be given not to exceed ten days sick leave with pay each year and, in addition, accumulated sick leave as follows:

Unused Sick- Leave Days During Year	Sick-Leave Days Permitted to be Accumulated
10	5
9	4
8	3
7	3
6	2
5	2
4	1
3	1
2	0
1	0

"Provided, however, that all employees with less than one year of service shall only be entitled to receive one day's sick leave, with pay, for each month of service up to the total of ten days within the contract year. Unused past accumulated sick leave now credited to each employee, plus current accumulated sick leave, shall be limited to a total of fifteen days accumulated sick leave."

### Unused Sick Leave Supplements Workmen's Compensation

Unused sick leave can be used to supplement payments received under Workmen's Compensation under this clause:

"Section 6. An employee absent because of an on-duty accident may elect to receive his unused sick leave accumulations to supplement payments received under the Workmen's Compensation Law to the extent that the combined amounts shall not exceed the regular wages per week of the employee during such portion of the period of disability as employee may have accumulated sick leave, and said allowances shall be charged proportionately against such employee's sick leave accumulations. It is understood that sick leave allowance shall apply to waiting periods under the Workmen's Compensation Law."

### Limit Union's Use of Bulletin Boards

The union's use of bulletin boards is limited by a contract between the UE and an East Coast company. It provides that, "The bulletin boards shall not be used by the UE nor its members for disseminating propaganda of any kind whatever; and, among other things, shall not be used by the UE for posting or distributing pamphlets or political matter of any kind whatsoever for advertising."

JAMES J. BAMBRICK, JR.  
Division of Personnel Administration



# Significant Labor Statistics

Item	Unit	1952							Year Ago	Percentage Change	
		Nov.	Oct.	Sept.	Aug.	July	June	May		Latest Month over Previous Month	Latest Month over Year Ago
Consumers' Price Index <sup>1</sup>											
All items.....	Jan. 1939=100	182.2	r 181.5	181.7	182.6	182.1	180.8	180.6	179.7	+0.4	+1.4
Food.....	Jan. 1939=100	l 241.3	r 239.9	r 241.0	k 243.9	243.2	j 240.5	i 240.1	239.8	+0.6	+0.6
Housing.....	Jan. 1939=100	126.7	r 126.1	125.6	r 125.5	125.2	124.9	124.9	123.8	+0.5	+2.3
Clothing.....	Jan. 1939=100	150.6	150.5	150.8	150.5	150.7	151.0	151.7	155.1	+0.1	-2.9
Men's.....	Jan. 1939=100	167.5	167.4	167.4	r 167.9	168.2	168.3	169.0	173.2	+0.1	-3.3
Women's.....	Jan. 1939=100	136.3	136.1	136.6	135.7	135.9	136.2	137.1	139.8	+0.1	-2.5
Fuels.....	Jan. 1939=100	138.4	137.9	136.3	135.8	134.8	133.9	133.4	135.5	+0.4	+2.1
Electricity.....	Jan. 1939=100	92.6	92.7	93.0	93.2	91.3	91.4	91.4	90.8	-0.1	+2.0
Gas.....	Jan. 1939=100	102.9	102.9	102.9	102.8	102.8	102.9	102.9	102.0	0	+0.9
Housefurnishings.....	Jan. 1939=100	165.4	164.4	165.2	165.1	164.8	165.6	166.1	170.4	+0.6	-2.9
Sundries.....	Jan. 1939=100	173.4	173.2	172.9	173.0	172.5	171.1	170.7	166.5	+0.1	+4.1
Purchasing value of the dollar.....	Jan. 1939 dollars	54.9	55.1	55.0	54.8	54.9	55.3	55.4	55.6	-0.4	-1.3
All items (BLS).....	1935-1939=100	a 191.6	a 191.5	a 194.1	a 192.3	a 192.4	a 191.1	a 190.4	a 189.3	+0.1	+1.2
Employment Status <sup>2</sup>											
Civilian labor force.....	thousands	63,646	63,146	63,698	63,958	64,176	64,390	62,778	63,164	+0.8	+0.8
Employed.....	thousands	62,228	61,862	62,260	62,354	62,234	62,572	61,176	61,336	+0.6	+1.5
Agriculture.....	thousands	6,774	7,274	7,548	6,964	7,598	8,170	6,960	7,022	-6.9	-3.5
Nonagricultural industries.....	thousands	55,454	54,588	54,712	55,390	54,636	54,402	54,216	54,314	+1.6	+2.1
Unemployed.....	thousands	1,418	1,284	1,438	1,604	1,942	1,818	1,602	1,828	+10.4	-22.4
Wage Earners <sup>3</sup>											
Employees in nonagricultural establishments.....	thousands	p 47,862	r 47,826	r 47,727	r 47,124	46,006	46,292	46,355	46,352	+0.1	+2.2
Manufacturing.....	thousands	p 16,529	r 16,493	r 16,389	r 16,028	15,162	15,410	15,680	15,890	+0.2	+4.0
Mining.....	thousands	p 875	r 870	r 885	897	784	814	893	917	+0.6	-4.6
Construction.....	thousands	p 2,586	r 2,699	r 2,761	r 2,781	2,722	2,663	2,520	2,633	-4.2	-1.8
Transportation and public utilities.....	thousands	p 4,230	r 4,240	r 4,224	r 4,208	4,140	4,168	4,134	4,165	-0.2	+1.6
Trade.....	thousands	p 10,234	r 10,094	r 9,960	r 9,784	9,792	9,838	9,773	10,109	+1.9	+1.7
Finance.....	thousands	p 1,970	r 1,969	r 1,971	1,993	1,993	1,977	1,958	1,907	+0.1	+3.3
Service.....	thousands	p 4,724	r 4,766	r 4,825	r 4,844	4,855	4,837	4,795	4,734	-0.9	-0.2
Government.....	thousands	p 6,663	r 6,695	6,712	6,589	6,558	6,585	6,602	6,497	-0.5	+2.6
Production and related workers in manuf'g											
Employment.....	thousands	p 13,357	r 13,337	r 13,246	r 12,886	12,061	12,329	12,606	12,904	+0.1	+3.5
Durable.....	thousands	p 7,637	r 7,553	r 7,417	r 7,146	6,559	6,888	7,280	7,314	+1.1	+4.4
Nondurable.....	thousands	p 5,720	r 5,784	5,829	5,740	5,502	5,441	5,326	5,590	-1.1	+2.3
Average weekly hours.....	number	p 41.2	r 41.4	41.3	40.6	39.9	40.5	40.2	40.5	-0.5	+1.7
Durable.....	number	p 41.8	r 42.2	42.0	r 41.0	40.2	41.2	41.1	41.5	-0.9	+0.7
Nondurable.....	number	p 40.3	40.3	40.3	r 40.0	39.5	39.5	39.0	39.2	0	+2.8
Average hourly earnings.....	dollars	p 1.715	r 1.705	r 1.696	r 1.669	1.648	1.658	1.658	1.626	+0.6	+5.5
Durable.....	dollars	p 1.824	r 1.819	1.811	r 1.768	1.733	1.747	1.746	1.712	+0.3	+6.5
Nondurable.....	dollars	p 1.563	r 1.549	r 1.545	r 1.542	1.545	1.540	1.530	1.507	+0.9	+3.7
Average weekly earnings.....	dollars	p 70.66	r 70.59	r 70.04	r 67.76	65.76	67.15	66.65	65.85	+0.1	+7.3
Durable.....	dollars	p 76.24	r 76.76	76.06	r 72.49	69.67	71.98	71.76	71.05	-0.7	+7.3
Nondurable.....	dollars	p 62.99	r 62.42	r 62.26	r 61.68	61.03	60.83	59.71	59.07	+0.9	+6.6
Straight time hourly earnings.....	dollars	e 1.652	1.639	r 1.632	r 1.616	1.605	1.607	1.610	1.575	+0.8	+4.9
Durable.....	dollars	e 1.749	1.737	1.733	r 1.706	1.683	1.682	1.682	1.644	+0.7	+6.3
Nondurable.....	dollars	e 1.516	r 1.503	r 1.499	r 1.500	1.509	1.505	1.499	1.475	+0.9	+2.8
Turnover rates in manufacturing <sup>3</sup>											
Separations.....	per 100 employees	p 3.6	4.2	4.9	4.6	5.0	3.9	3.9	4.3	-14.3	-16.3
Quits.....	per 100 employees	p 2.2	2.8	3.5	3.0	2.2	2.2	2.2	1.9	-21.4	+15.8
Discharges.....	per 100 employees	p 0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0	+33.3
Layoffs.....	per 100 employees	p 0.8	0.7	0.7	1.0	2.2	1.1	1.1	1.7	+14.3	-52.9
Accessions.....	per 100 employees	p 4.1	5.2	5.6	5.9	4.4	4.9	3.9	3.9	-21.2	+5.1

<sup>1</sup> THE CONFERENCE BOARD

<sup>2</sup> Bureau of the Census

<sup>3</sup> Bureau of Labor Statistics

a Adjusted indexes:

May, 189.0; June, 189.6; July, 190.8; Aug., 191.1;

Sept., 190.8; Oct., 190.9; Nov., 191.1.

Year ago, 188.6.

e Estimated

i Based on food prices for May 14, 1952

j Based on food prices for June 16, 1952

k Based on food prices for August 13, 1952

l Based on food prices for November 12, 1952.

p Preliminary

r Revised

## Review of Labor Statistics

**I**NCREASES in all components of THE CONFERENCE BOARD's consumers' price index brought about a 0.4% rise for November. After dipping slightly in the preceding two months, the index again turned upward. But it failed to reach its former level. The November index was 182.2 (January, 1939=100), 0.2% lower than the all-time high of August.

Seasonal increases in the prices of fresh fruits and vegetables accounted for most of the 0.6% rise in the food index. Oranges were the only fresh fruit that registered declines over the month. Prices of most meats dipped again, but poultry was generally higher. Cattle and hog slaughter continued high during November and the price of lambs fell to the lowest point on the Chicago market in seven years. It is interesting to note that the rise in the food index over the month is just equal to its rise over the year.

Housing costs continued to advance in November, rising 0.5%. Higher coal prices moved the fuel index up 0.4%, while sundries rose 0.1%. The sundries index (which covers such items as carfare, medical and dental care, entertainment and personal care) has shown the greatest increase (4.1%) of all the components since November, 1951.

Clothing and housefurnishings advanced 0.1% and 0.6%, respectively, during the month. These components registered steady declines throughout the first half of 1952, but in recent months have shown signs of revival. Both are 2.9% below their 1951 level, but reports from various sectors of the trade seem to indicate that business will pick up during the early months of 1953.

### The Year Ahead

Most forecasters hold that business will be good in most retail lines during 1953, especially for consumer nondurables. They believe that increased wage rates, longer work weeks, larger payrolls and a growing population all point to a record high in consumer spending in 1953.

All of the quarterly cities surveyed in November showed decreases from the August level. Declines ranged from 0.1% in Dallas to 1.4% in Richmond. Of the cities surveyed monthly, six recorded rises, while four showed declines. Increases ranged from 0.1% in Boston to 1.1% in New York; decreases were from 0.1% in Birmingham to 0.4% in Chicago.

The purchasing value of the consumers' dollar in November was 54.9 cents (January, 1939=100 cents).

This represents a decrease of 0.4% over the month and 1.3% over the year.

### WAGE SETTLEMENTS

Fifty-four wage settlements appearing in the press were confirmed by THE CONFERENCE BOARD this month. A total of 126,000 employees were involved. Forty of these settlements were with wage earners; fourteen were with salaried employees. Wage and salary increases ranged from 1 cent to 16 cents per hour. Most increases were between 5 cents and 10 cents.

The Wage Stabilization Board approved wage increases in thirteen instances. Fringe benefits were granted in eight cases. The remainder of the settlements are dependent upon WSB approval.

Some significant wage settlements follow.

American Airlines reported that in conformance with an escalator clause in a three-year contract which runs until December 1, 1953, a 2-cents-an-hour increase was made effective in October. On December 1, a further increase of 4 cents an hour was granted as an improvement factor.

The Pepperell Manufacturing Company of Boston, Massachusetts, which also has plants in Alabama, Georgia and Maine, confirmed a 2-cent raise effective October 1, 1952, in accordance with a formula agreed on in a contract signed in March, 1951.

In Chicago, the Building Managers Association granted a reduction in the hourly work week to 1,600 members of the Elevator Operators and Starters Union, AFL, following a ten-day work stoppage. Effective October 1, 1952, the minimum hourly rate had been \$1.50 for a forty-eight hour work week. The same weekly salary will be paid for a forty-four hour week, effective April 1, 1953; and as of January 1, 1954 it will be paid for a forty hour week.

### LABOR TURNOVER FOR OCTOBER

Favorable job conditions are reflected in the Bureau of Labor Statistics' labor turnover report for October. Factory layoff rate for that month was at a postwar low. The nation's factories laid off only seven workers for every thousand on their payrolls, the lowest rate for October since 1944.

The factory hiring rate declined from fifty-six per thousand workers in September to fifty-three per thousand in October—principally because of seasonal cutbacks in food, tobacco, lumbering, and furniture.



# Consumers' Price Indexes for Cities Surveyed Monthly

NOTE: These indexes do NOT show intercity differences in price level or standards of living. They show only changes in consumers' prices in each city, which changes may be compared with those for other cities.

City	Index Numbers Jan., 1939=100			Percentage Changes		City	Index Numbers Jan., 1939=100			Percentage Changes	
	Nov. 1952	Oct. 1952	Nov. 1951	Oct. 1952 to Nov. 1952	Nov. 1951 to Nov. 1952		Nov. 1952	Oct. 1952	Nov. 1951	Oct. 1952 to Nov. 1952	Nov. 1951 to Nov. 1952
<b>Birmingham</b>						<b>Indianapolis</b>					
Food.....	235.1	235.7	237.3	-0.3	-0.9	Food.....	251.5	252.2 <sup>r</sup>	248.4	-0.3	+1.2
Housing <sup>1</sup> .....	160.9	160.9	152.4 <sup>r</sup>	0	+5.6	Housing <sup>2</sup> .....	124.4	124.4	122.5	0	+1.6
Clothing.....	151.8	151.4	154.6	+0.3	-1.8	Clothing.....	144.4	144.7 <sup>r</sup>	147.7	-0.2	-2.2
Fuel <sup>4</sup> .....	134.7	134.6	131.9	+0.1	+2.1	Fuel <sup>4</sup> .....	163.7	159.9	159.0	+2.4	+3.0
Housefurnishings.....	171.0	170.9	172.6	+0.1	-0.9	Housefurnishings.....	158.2	160.0	159.8	-1.1	-1.0
Sundries.....	154.3	154.2	150.9 <sup>r</sup>	+0.1	+2.3	Sundries.....	179.9	179.9	173.4 <sup>r</sup>	0	+3.7
Weighted total.....	178.3	178.4	176.7 <sup>r</sup>	-0.1	+0.9	Weighted total.....	185.1	185.2	182.0 <sup>r</sup>	-0.1	+1.7
<b>Boston</b>						<b>Los Angeles</b>					
Food.....	230.9	230.5	228.0	+0.2	+1.3	Food.....	239.6	235.2 <sup>r</sup>	241.8	+1.9	-0.9
Housing <sup>2</sup> .....	129.2	128.9 <sup>r</sup>	124.6	+0.2	+3.7	Housing <sup>2</sup> .....	143.0	143.0	141.1	0	+1.3
Clothing.....	142.2	142.5 <sup>r</sup>	145.7	-0.2	-2.4	Clothing.....	141.7	141.7	144.9	0	-2.2
Fuel <sup>4</sup> .....	175.4	175.4	167.5	0	+4.7	Fuel <sup>4</sup> .....	101.1	101.1	97.7	0	+3.5
Housefurnishings.....	155.6	156.1	162.6	-0.3	-4.3	Housefurnishings.....	160.4	159.6	166.0	+0.5	-3.4
Sundries.....	165.9	165.3 <sup>r</sup>	164.3	+0.1	+1.0	Sundries.....	170.1	170.0	163.5	+0.1	+4.0
Weighted total.....	180.0	179.8 <sup>r</sup>	177.6	+0.1	+1.4	Weighted total.....	179.5	178.2	178.1	+0.7	+0.8
<b>Chicago</b>						<b>New Orleans</b>					
Food.....	251.2	253.9	252.2	-1.1	-0.4	Food.....	252.6	251.2 <sup>r</sup>	247.1	+0.6	+2.2
Housing <sup>1</sup> .....	136.7	136.7	129.9	0	+5.2	Housing <sup>2</sup> .....	133.0	133.0	130.8	0	+1.7
Clothing.....	146.3	146.3	152.1	0	-3.8	Clothing.....	155.8	156.3	159.8	-0.3	-2.5
Fuel <sup>4</sup> .....	119.1	119.0	117.8	+0.1	+1.1	Fuel <sup>4</sup> .....	93.3	93.2	92.5	+0.1	+0.9
Housefurnishings.....	159.8	158.7	161.4	+0.7	-1.0	Housefurnishings.....	172.9	172.0	176.4	+0.5	-2.0
Sundries.....	176.3	176.3	173.6 <sup>r</sup>	0	+1.6	Sundries.....	147.7	147.7	148.1	0	-0.3
Weighted total.....	185.6	186.4	184.2 <sup>r</sup>	-0.4	+0.8	Weighted total.....	183.9	183.4	182.1	+0.3	+1.0
<b>Denver</b>						<b>New York</b>					
Food.....	240.5	239.1 <sup>r</sup>	235.6	+0.6	+2.1	Food.....	230.8	226.2 <sup>r</sup>	229.3	+2.0	+0.7
Housing <sup>2</sup> .....	128.5	128.5	128.2	0	+0.2	Housing <sup>2</sup> .....	107.8	107.0 <sup>r</sup>	105.8	+0.7	+1.9
Clothing.....	162.4	162.5	168.9	-0.1	-3.8	Clothing.....	152.0	151.7 <sup>r</sup>	155.7	+0.2	-2.4
Fuel <sup>4</sup> .....	105.0	105.1	108.2	-0.1	-3.0	Fuel <sup>4</sup> .....	138.1	136.9	133.2	+0.9	+3.7
Housefurnishings.....	158.3	158.9	166.2	-0.4	-4.8	Housefurnishings.....	163.7	162.1	170.6	+1.0	-4.0
Sundries.....	159.5	159.7	155.7 <sup>r</sup>	-0.1	+2.4	Sundries.....	175.8	175.7	167.2	+0.1	+5.1
Weighted total.....	175.9	175.5 <sup>r</sup>	174.3 <sup>r</sup>	+0.2	+0.9	Weighted total.....	176.3	174.4 <sup>r</sup>	173.7	+1.1	+1.5
<b>Detroit</b>						<b>Philadelphia</b>					
Food.....	250.4	248.5 <sup>r</sup>	244.1	+0.8	+2.6	Food.....	227.1	227.6 <sup>r</sup>	224.6	-0.2	+1.1
Housing <sup>2</sup> .....	134.1	130.6	130.2 <sup>r</sup>	+2.7	+3.0	Housing <sup>2</sup> .....	117.6	117.6	114.3	0	+2.9
Clothing.....	146.6	146.6	155.7	0	-5.8	Clothing.....	143.3	142.7	146.1 <sup>r</sup>	+0.4	-1.9
Fuel <sup>4</sup> .....	161.9	161.6	159.9	+0.2	+1.3	Fuel <sup>4</sup> .....	160.4	160.4	158.9	0	+0.9
Housefurnishings.....	168.9	168.8	171.0	+0.1	-1.2	Housefurnishings.....	177.3	176.9	185.5	+0.2	-4.4
Sundries.....	184.4	183.8	177.9	+0.3	+3.7	Sundries.....	176.2	176.3	165.3 <sup>r</sup>	-0.1	+6.6
Weighted total.....	187.7	186.2	184.2 <sup>r</sup>	+0.8	+1.9	Weighted total.....	180.3	180.5	176.7 <sup>r</sup>	-0.1	+2.0

Source: THE CONFERENCE BOARD.

<sup>1</sup> Rents surveyed January, April, July, October.

<sup>2</sup> Rents surveyed February, May, August, November.

<sup>3</sup> Rents surveyed March, June, September, December.

<sup>4</sup> Includes electricity and gas.

<sup>r</sup> Revised.

## Consumers' Index for Thirty-nine Cities, and Purchasing Value of the Dollar

Index Numbers, January, 1939 = 100

Date	Weighted Average of All Items	Food	Housing <sup>1</sup>	Clothing			Fuel <sup>2</sup>			House furnish- ings	Sundries	Purchasing Value of the Dollar
				Total	Men's	Women's	Total	Electricity	Gas			
1951 November.....	179.7	239.8 <sup>a</sup>	123.8	155.1	173.2	139.8	135.5	90.8	102.0	170.4	166.5	55.6
December.....	180.2	239.5 <sup>b</sup>	124.0	154.6	172.7	139.2	135.8	91.0	102.0	170.6	166.5	55.5
Annual average.....	176.2	232.5	120.8	155.0	172.6	140.1	134.4	90.9	101.4	171.7	164.5	56.8
1952 January.....	180.3	240.3	124.5	153.7	171.2	138.8	135.9	91.2	102.1	169.1	168.1	55.5
February.....	177.7	233.9 <sup>c</sup>	124.5	152.7	170.2	137.9	135.8	91.1	102.1	168.7	166.9	56.3
March.....	178.2	234.4 <sup>d</sup>	124.5	152.3	169.9	137.4	135.9	91.1	102.7	167.5	168.2	56.1
April.....	179.9	237.8	124.7	152.1	169.6	137.3	135.9	91.3	103.1	167.5	170.4	55.6
May.....	180.6	240.1 <sup>e</sup>	124.9	151.7	169.0	137.1	133.4	91.4	102.9	166.1	170.7	55.4
June.....	180.8	240.5 <sup>f</sup>	124.9	151.0	168.3	136.2	133.9	91.4	102.9	165.6	171.1	55.3
July.....	182.1	243.2	125.2	150.7	168.2	135.9	134.8	91.3	102.8	164.8	172.5	54.9
August.....	182.6	243.9 <sup>g</sup>	125.5 <sup>r</sup>	150.5	167.9 <sup>r</sup>	135.7	135.8	93.2	102.8	165.1	173.0	54.8
September.....	181.7	241.0 <sup>r</sup>	125.6	150.8	167.4	136.6	136.3	93.0	102.9	165.2	172.9	55.0
October.....	181.5 <sup>r</sup>	239.9 <sup>r</sup>	126.1 <sup>r</sup>	150.5	167.4	136.1	137.9	92.7	102.9	164.4	173.2	55.1
November.....	182.2	241.3 <sup>h</sup>	126.7	150.6	167.5	136.3	138.4	92.6	102.9	165.4	173.4	54.9
Percentage Changes												
Oct. 1952 to Nov. 1952...	+0.4	+0.6	+0.5	+0.1	+0.1	+0.1	+0.4	-0.1	0	+0.6	+0.1	-0.4
Nov. 1951 to Nov. 1952...	+1.4	+0.6	+2.3	-2.9	-3.3	-2.5	+2.1	+2.0	+0.9	-2.9	+4.1	-1.3

<sup>1</sup> Rents surveyed quarterly in individual cities

<sup>2</sup> Includes electricity and gas

<sup>a</sup> Based on food prices for Nov. 14, 1951

<sup>b</sup> Based on food prices for Dec. 12, 1951

<sup>c</sup> Based on food prices for Feb. 13, 1952

<sup>d</sup> Based on food prices for March 12, 1952

<sup>e</sup> Based on food prices for May 14, 1952

<sup>f</sup> Based on food prices for June 16, 1952

<sup>g</sup> Based on food prices for August 13, 1952

<sup>h</sup> Based on food prices for Nov. 12, 1952

<sup>r</sup> Revised

# Consumers' Price Indexes for Cities Surveyed Quarterly

NOTE: These indexes do NOT show intercity differences in price level or standards of living. They show only changes in consumers' prices in each city, which changes may be compared with those for other cities.

City	Index Numbers Jan., 1939=100			Percentage Changes		City	Index Numbers Jan., 1939=100			Percentage Changes	
	Nov. 1952	Aug. 1952	Nov. 1951	Aug. 1952 to Nov. 1952	Nov. 1951 to Nov. 1952		Nov. 1952	Aug. 1952	Nov. 1951	Aug. 1952 to Nov. 1952	Nov. 1951 to Nov. 1952
<b>Akron</b>						<b>Richmond</b>					
Food.....	244.9	250.5 <sup>r</sup>	242.8	-2.2	+0.9	Food.....	263.2	275.2 <sup>r</sup>	260.8	-4.4	+0.9
Housing.....	132.9	132.3	130.5	+0.5	+1.8	Housing.....	130.1	129.7 <sup>r</sup>	128.1	+0.3	+1.6
Clothing.....	151.1	151.5	155.7	-0.3	-3.0	Clothing.....	154.2	153.2	160.7	+0.7	-4.0
Fuel <sup>1</sup> .....	161.6	156.0	158.4	+3.6	+2.0	Fuel <sup>1</sup> .....	138.3	137.0	138.2	+1.3	+0.4
Housefurnishings.....	147.3	147.3	148.8	0	-1.0	Housefurnishings.....	167.1	167.3	175.3	-0.1	-4.7
Sundries.....	170.8	170.8	169.2	0	+7.3	Sundries.....	151.9	150.0	144.3	+1.3	+5.3
Weighted total.....	182.2	183.3 <sup>r</sup>	178.0	-0.6	+2.4	Weighted total.....	180.4	182.9	178.1	-1.4	+1.3
<b>Chattanooga</b>						<b>Rochester</b>					
Food.....	240.8	249.6 <sup>r</sup>	238.1	-3.5	+1.1	Food.....	245.6	252.2 <sup>r</sup>	245.8	-2.6	-0.1
Housing.....	144.2	143.7	142.5	+0.3	+1.2	Housing.....	130.3	130.1	130.1	+0.2	+0.2
Clothing.....	134.8	134.8	140.9	0	-4.3	Clothing.....	152.2	151.9	157.5	+0.2	-3.4
Fuel <sup>1</sup> .....	136.2	130.8	133.9	+4.1	+1.7	Fuel <sup>1</sup> .....	184.3	178.2	178.1	+3.4	+3.5
Housefurnishings.....	122.0	122.6	127.6	-0.5	-4.4	Housefurnishings.....	191.0	189.7	197.1	+0.7	-3.1
Sundries.....	155.5	155.5 <sup>r</sup>	150.3	0	+3.5	Sundries.....	180.5	181.2	174.8	-0.4	+3.3
Weighted total.....	174.5	176.7	172.3	-1.2	+1.3	Weighted total.....	186.6	188.1 <sup>r</sup>	185.4	-0.8	+0.6
<b>Cincinnati</b>						<b>St. Louis</b>					
Food.....	239.8	246.4	237.2	-2.7	+1.1	Food.....	240.4	248.8 <sup>r</sup>	239.9	-3.4	+0.2
Housing.....	134.4	131.3	130.7	+2.4	+2.8	Housing.....	132.2	132.2 <sup>r</sup>	129.4	0	+2.2
Clothing.....	159.5	160.1 <sup>r</sup>	163.4	-0.4	-2.4	Clothing.....	144.3	145.1 <sup>r</sup>	148.0	-0.6	-2.5
Fuel <sup>1</sup> .....	151.8	149.5	151.0	+1.5	+0.5	Fuel <sup>1</sup> .....	154.6	151.9	151.5	+1.8	+2.0
Housefurnishings.....	160.3	160.0	162.7	+0.2	-1.5	Housefurnishings.....	156.2	156.7	168.8	-0.3	-7.5
Sundries.....	168.5	168.5	164.6	0	+2.4	Sundries.....	171.6	168.8	162.1	+1.7	+5.2
Weighted total.....	183.4	185.0	181.4	-0.9	+1.1	Weighted total.....	183.3	185.1 <sup>r</sup>	180.6	-1.0	+1.5
<b>Dallas</b>						<b>San Francisco-Oakland</b>					
Food.....	242.1	246.3	241.4	-1.7	+0.3	Food.....	243.1	251.2	251.6	-1.2	-1.4
Housing.....	173.2	173.2	172.7 <sup>r</sup>	0	+0.3	Housing.....	118.4	117.7	116.2	+0.6	+1.9
Clothing.....	152.5	153.1	156.1	-0.4	-2.3	Clothing.....	157.2	157.3 <sup>r</sup>	163.2	-0.1	-3.7
Fuel <sup>1</sup> .....	93.0	93.0	93.0	0	0	Fuel <sup>1</sup> .....	104.5	104.5	104.0	0	+0.5
Housefurnishings.....	153.7	152.2 <sup>r</sup>	153.3	+1.0	-2.9	Housefurnishings.....	163.4	167.2	168.2	+0.7	+0.1
Sundries.....	173.0	169.8	167.2	+1.9	+3.5	Sundries.....	178.9	178.4	165.4	+0.3	+8.2
Weighted total.....	183.2	183.3	181.9 <sup>r</sup>	-0.1	+0.7	Weighted total.....	185.2	185.8	182.2	-0.3	+1.6
<b>Duluth</b>						<b>Wilmington</b>					
Food.....	245.6	248.1 <sup>r</sup>	238.5	-1.0	+3.0	Food.....	219.7	223.8	212.3	-1.6	+3.5
Housing.....	131.7	131.7 <sup>r</sup>	131.7	0	0	Housing.....	136.9	136.9	130.4	0	+5.0
Clothing.....	157.8	158.5	164.3	-0.4	-4.0	Clothing.....	151.2	151.0	157.3	+0.1	-3.9
Fuel <sup>1</sup> .....	155.8	153.0	152.6	+1.8	+2.1	Fuel <sup>1</sup> .....	132.4	129.6	130.9	+2.2	+1.1
Housefurnishings.....	182.4	181.5	190.3	+0.5	-4.2	Housefurnishings.....	178.6	178.7	182.5	-0.1	-2.1
Sundries.....	167.1	167.0	162.4	+0.1	+2.9	Sundries.....	162.6	163.1	153.1	-0.3	+6.2
Weighted total.....	186.2	186.7 <sup>r</sup>	183.2	-0.3	+1.6	Weighted total.....	176.0	177.2	170.8	-0.7	+3.0

Source: THE CONFERENCE BOARD.

<sup>1</sup> Includes electricity and gas

<sup>r</sup> Revised

## Consumers' Price Index for Ten United States Cities, and Purchasing Value of Dollar

Index Numbers, January, 1939 = 100

Date	Weighted Average of All Items	Food	Housing <sup>1</sup>	Clothing			Fuel <sup>2</sup>			House furnish- ings	Sundries	Purchasing Value of the Dollar
				Total	Men's	Women's	Total	Electricity	Gas			
1951 November.....	178.2	236.8a	119.9	152.7	169.3	133.7	132.7	89.8	103.7	169.7	167.9	56.1
December.....	178.8	236.7b	120.3	152.1	168.9	133.0	133.0	89.8	103.7	169.9	170.3	55.9
Annual average.....	174.5	229.3	116.9	152.2	168.3	133.7	131.7	89.8	103.7	170.8	166.3	57.3
1952 January.....	179.0	237.5	120.9	151.2	167.3	137.5	133.1	90.0	103.7	168.6	170.1	55.9
February.....	176.3	230.7c	121.1	150.1	166.3	136.5	133.0	90.0	103.7	168.3	169.0	56.7
March.....	176.7	231.0d	121.2	149.8	166.0	136.1	133.2	90.0	104.3	167.0	170.1	56.6
April.....	178.4	234.3	121.4	149.7	165.8	136.1	133.3	90.0	104.9	166.9	172.1	56.1
May.....	178.9	236.6e	121.5	149.4	165.2	136.1	130.6	90.0	104.8	165.5	172.2	55.9
June.....	179.0	237.0f	121.5	148.8	164.7	135.4	130.9	90.0	104.8	165.0	172.3	55.9
July.....	180.4	239.8	121.7	148.5	164.6	135.0	131.7	90.0	104.8	164.3	173.6	55.4
August.....	180.8 <sup>r</sup>	240.6g	122.0 <sup>r</sup>	148.2	164.3	134.7	132.9	92.2	104.8	164.5	174.0	55.3
September.....	179.9 <sup>r</sup>	237.7	122.1 <sup>r</sup>	148.4	163.7	135.5	133.7	92.2	104.8	164.5	174.0	55.6
October.....	179.8	236.5	122.7	148.1 <sup>r</sup>	163.8 <sup>r</sup>	134.8	135.4	92.2	104.8	163.6	174.4	55.6
November.....	180.6	238.3h	123.4	148.2	163.8	135.0	136.0	92.0	104.8	164.5	174.5	55.4
Percentage Changes												
Oct. 1952 to Nov. 1952....	+0.4	+0.8	+0.6	+0.1	0	+0.1	+0.4	-0.2	0	+0.6	+0.1	-0.4
Nov. 1951 to Nov. 1952....	+1.3	+0.6	+2.9	-2.9	-3.2	-2.7	+2.5	+2.4	+1.1	-3.1	+3.9	-1.2

<sup>1</sup> Rents surveyed quarterly in individual cities

<sup>2</sup> Includes electricity and gas

a Based on food prices for Nov. 14, 1951

b Based on food prices for Dec. 12, 1951

c Based on food prices for Feb. 13, 1952

d Based on food prices for March 12, 1952

e Based on food prices for May 14, 1952

f Based on food prices for June 16, 1952

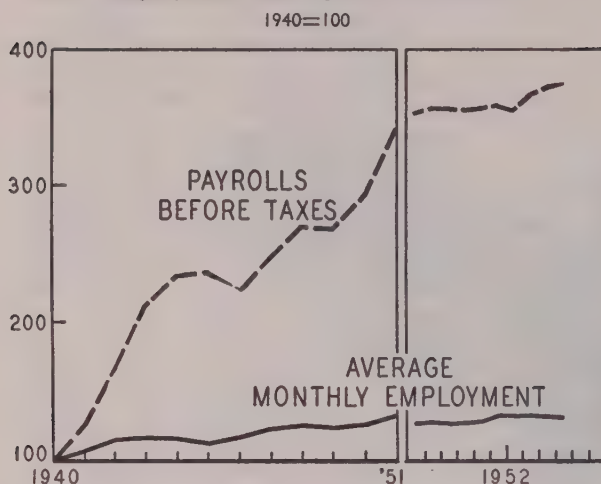
g Based on food prices for August 13, 1952

h Based on food prices for Nov. 12, 1952.

<sup>r</sup> Revised



## Employment and Payrolls, 1940-1952



Sources: Department of Labor; Department of Commerce

However, the current figure is 20% above a year ago, and the highest rate for October since 1946. Nearly all consumer goods' industries shared in this decline. Declines of as much as 50% in layoff rates are reported in shoes, apparel, textiles, cigarettes, radios and televisions, automobiles, jewelry, and furniture.

The improved job situation over the past year also is reflected in the factory quit rate, which is up about 12% over October, 1951. On the other hand, the quit rate is 20% less than in September, 1952. Twenty-eight out of every thousand factory workers voluntarily quit their jobs in October, as against twenty-five a year ago. The quit rate usually increases as opportunities to shift jobs improve. Largest over-the-year increases in quit rates are reported in consumer goods industries.

The total number of separations (which include quits, discharges, and layoffs) declined from forty-nine per thousand in September to forty-two per thousand in October, a drop of 14.3%.

### EMPLOYMENT

The Census Bureau estimate for November placed total civilian employment at 62.2 million. This is 366,000 greater than for October, and 892,000 above the previous record of 61.3 million for November a year ago.

The number of persons seeking employment rose slightly in November. They totaled 1.4 million. Previous to November, unemployment had been dropping steadily since August. Joblessness probably resulted from the usual seasonal cutbacks in outdoor activities. However, the unemployed total remained well under the figure of 1.8 million of a year ago.

The gain in employment from October to November was made despite a seasonal reduction of 500,000

workers in farm jobs. Nonagricultural employment, however, increased 866,000 over the month, topping the previous high established in August. This advance much bigger than usual for the season, reflected heavy hiring by factories and service industries. Housewives and students who entered the labor force to take nonfarm jobs accounted for most of the increase. There was also some evidence of a shift of persons from farm to nonfarm work during the month.

Agricultural employment, on the other hand, continued its seasonal decline, falling to 6.8 million in November from the October figure of 7.3 million, a drop of 6.9%.

The total civilian labor force, which includes both the employed and the unemployed, increased by about 500,000 between October and November to reach 63.1 million persons. The additions over this period for the most part were women who took jobs in response to demands for workers in service and other nonfarm industries.

### PAYROLLS

Total payrolls of private industry reached a new high in October—\$154.0 billion annual rate, according to the Department of Commerce. The increase is attributed largely to wage adjustments and increased employment in durable goods industries. Payroll gains, however, were also reported by some nonmanufacturing industries. The Department of Commerce figures reflect the general rise in auto sales and other retail lines.

Total personal income before taxes was boosted to \$275.8 billion in October. This figure is \$2 billion greater than that for September and as much as \$14.1 billion over the figure for October last year.

THOMAS A. FITZGERALD  
VIRGINIA M. BOSCHEN  
Statistical Division

## Salt on the House

In an effort to underscore the number of free food items which employees consume every year as conditions, etc., one company's employee publication recently pointed out to the cafeteria patrons that:

- 130 gallons of mustard are consumed
- 26,000 pounds of sugar disappear
- Catsup consumption is 780 gallons
- Meat sauce is used at the rate of 3,120 bottles per year
- 6,500 gallons of gravy are used
- 2,490 pounds of salt and 520 pounds of pepper liven up the taste

These amounts are used in a cafeteria serving between 2,500 and 3,000 meals five days each week.

# Wage Adjustments Announced Prior To December 15, 1952

Company	Type of Worker <sup>1</sup>	Increase			Remarks
		Amount	Date Effective	Number Affected	
<i>Chemicals and Allied Products</i>					
Boote Mineral Company ..... Exton, Pa.	WE	\$ .05 hr.	9-1-52	155	Contract came after expiration of old contract. Firm also granted extra holiday—birthdate of each employee. Entire package approved by WSB. Contract expires 9-1-53. (Gas, Coke & Chemical Workers, CIO)
Forton Salt Company ..... Rittman, O.	WE	\$ .05 hr.	7-1-52	257	Wage adjustment followed expiration of old contract. Previous hourly minimum was \$1.33, effective 3-3-52. Company also raised differential on 3rd shift from 5¢ to 8¢, call-in and report pay minimum raised from 3 to 4 hours. Raise and benefits subject to WSB approval. Wage reopening January 1, 1953, contract expiration 6-30-53. (District 50, UMW, ind.)
New Castle Chemical Company ..... New Castle, Pa.	WE	\$ .10 hr.	6-28-52	55	Expiration of old contract preceded raise. Previous hourly minimum had been \$1.44, effective 6-28-51. WSB approved raise, disapproved liberalized holiday pay. Wage reopening at any time. Contract expires 6-28-53. (Gas, Coke & Chemical Workers, CIO)
	S	\$20 mo. average	10-1-52	8	(No union)
Virginia-Carolina Chemical Corp. .... Little Rock, Ark.	WE	\$ .02 hr.	7-27-52	22	New contract also grant 3 weeks' vacation after 15 years. Previous hourly minimum was 95¢, effective 10-15-51. WSB approved vacation benefits. Contract tenure 1 year. (Gas, Coke & Chemical Workers, CIO)
Whitehall Pharmacal Co. .... Elkhart, Ind.	WE	See Remarks	9-15-52	350	Firm granted 8¢ an hour, plus average of 1¢ in inequity adjustment. WSB approval required for 3¢ of increase, inequity adjustment. Contract runs 1 year. (Gas, Coke & Chemical Workers, CIO)
<i>Electrical Machinery, Equipment and Supplies</i>					
Raytheon Manufacturing Company .. Waltham, Mass.	WE	\$ .07 hr.	6-1-52	500	Company also granted improved vacation benefits. Entire package approved by WSB. Contract expires 6-1-53. (Int'l Ass'n of Machinists, AFL)
	WE	See Remarks	7-1-52	10,742	Following contract negotiation, firm granted 5¢ incentive base raise, 6¢ to lower labor grades, 7¢ to top labor grades. Some changes also made in vacation policy. Previously, hourly minimum had been 81¢, effective 7-1-51. WSB approved raise on interplant inequity basis 12-5-52; vacation benefits 11-26-52. Contract expires 6-30-53. (Int'l Bro. Electrical Workers, AFL)
<i>Fabricated Metal Products</i>					
Blake Manufacturing Corp. .... Clinton, Mass.	WE	\$ .12	8-4-52	450	Wage reopening also brought increase in hospital and surgical benefits. Minimum hourly wage, in effect since 8-4-50 had been \$1.02. WSB approval required for 2.5¢ of raise, and for fringe benefits. Contract runs 1 year. (UAW-CIO)
Hould & Eberhardt, Inc. .... Irvington, N. J.	WE	See Remarks	See Remarks	320	Firm granted 10¢ hourly raise 4-19-52, 1.9% 11-24-52. Minimum hourly rate had been \$1.32, effective 10-19-51. First raise followed contract expiration; second was wage reopening. Company pays 50% of medical, surgical, hospital benefits insurance premium, 100% group insurance premium (which was increased from \$500 to \$1000). Vacation program increased. Entire package subject to approval by WSB. Contract expires 4-19-53. (Int'l Ass'n Machinists, AFL)
	S	See Remarks	See Remarks	99	This group received hourly raise of 10¢, effective 6-30-52, 1.9% raise effective 11-24-52. Minimum had been \$41.65 per week effective 10-19-51: First raise followed contract expiration; second was wage reopening. Firm pays 50% of medical, surgical, hospital benefits insurance premium, 100% group insurance premium (which was increased \$500 to \$1000). Entire package received WSB approval. (No union)



# Wage Adjustments Announced Prior To December 15, 1952—Continued

Company	Type of Worker <sup>1</sup>	Increase			Remarks
		Amount	Date Effective	Number Affected	
Supreme Steel Products, Inc. .... Maspeth, N. Y.	WE	\$1.12 hr.	9-17-52	150 Approx.	Prior to settlement hourly minimum was \$1. Increase is subject to WSB approval. Contract tenure 1 year. (Int'l Ass'n Machinists, AFL)
Utica Drop Forge & Tool Company ... Utica, N. Y.	WE	\$3.05 hr.	8-21-52	1,600	Raise was granted following contract expiration, together with improved vacation, group insurance and hospital benefits. Increment approved under GWR 6; benefits received WSB approval. Salaried employees also received fringe benefits, approved by WSB. Wage reopening 8-21-53; contract expires 8-21-54. (Int'l Ass'n Machinists, AFL)
John Wood Company ..... Chicago, Ill.	WE	\$1.10 hr.	7-1-52	140	Raise came after expiration of old contract. Previous hourly minimum was \$1.36, first effective 1-1-52. Company also granted 3 weeks' vacation after 15 years. Both adjustments approved by WSB. Contract tenure 1 year. (United Electrical Workers, ind.)
<i>Leather and Leather Products</i>					
Amity Leather Products Company ... West Bend, Sturgeon Bay, Wis.	WE	See Remarks	9-15-52	450	Following contract expiration, 7 week work stoppage, pieceworkers received hourly increment of 5¢, day workers 9¢. Previous minimum wage, effective 1-15-51, had been 82¢ for females, \$1.07 for males. Firm granted 3 weeks' vacation after 15 years' service. Wage reopening not before 1-1-53; contract expires 9-15-53. (UAW-AFL)
<i>Machinery (Except Electrical)</i>					
Fulton Iron Works Company ..... St. Louis, Mo.	WE	\$0.15 hr.	6-1-52	131	Raise came as wage reopening in contract which expires 5-31-53. Wage reopening every 6 months. (Int'l Ass'n Machinists, AFL)
	S	\$0.01 hr.	6-1-52	70	(No union)
Lovell Manufacturing Company .... Erie, Pa.	WE	5.5%	10-6-52	640	Increment came as wage reopening in continuing contract. Previous hourly minimum had been \$1.245, effective 12-5-51. WSB granted approval 10-28-52; contract expires 12-15-53. (Rubber, Cork, Linoleum & Plastic Workers, CIO)
	S	5.5%	10-6-52	140	Previous hourly minimum had been \$1.26, effective 12-5-51. WSB approved raise 10-28-52. (No union)
Towmotor Corp. .... Cleveland, O.	WE	\$0.25	n.a.	650	Following contract expiration, firm granted individual adjustment, GM type pension, increase in 2nd shift premium from 8 to 10¢, and cost-of-living schedule based on old BLS index. Shift increase, pension plan subject to WSB approval. Contract expires 9-1-55. (UAW-CIO)
	S	1.33%	n.a.	250	Raise is same as in factory. (No union)
Whitin Machine Works ..... Whitinsville, Mass.	WE	\$0.08	10-21-52	2,500 Approx.	Raise followed work stoppage from 8-18 to 10-21-52, new contract 10-21-52. Firm also granted liberalized general pension plan, improved medical expense benefits. WSB approved amount over cost-of-living increase, pension plan coverage. Fringe benefit approval pending. Contract expires 1-15-54. (United Steelworkers, CIO)
<i>Miscellaneous Manufacturing Industries</i>					
Greater New York Umbrella Manufacturers Ass'n ..... New York, N. Y.	WE	See Remarks	8-1-52	500	Raise was 7.5¢ an hour, 5% for piece workers. Adjustment followed contract expiration. Contract expires 8-1-53. (Textile Workers, CIO)
<i>Paper and Allied Products</i>					
Robert Gair Company ..... Tonawanda, N. Y.	WE	\$0.05 hr.	5-12-52	253 Approx.	Last reopening in current contract. (United Paperworkers, CIO)
	S	6.5%	3-3-52	52 Approx.	(No union)
New Haven Pulp and Board Company New Haven, Conn.	WE	\$0.06 hr.	9-18-52	400	Raise followed contract expiration. Previous hourly minimum had been \$1.31, effective 9-17-51. Hospitalization daily rate increased from \$12 to \$14. Wage reopening 3-18-53; contract runs 1 year. (United Paperworkers, CIO)

# Wage Adjustments Announced Prior To December 15, 1952—Continued

Company	Type of Worker <sup>1</sup>	Increase			Remarks
		Amount	Date Effective	Number Affected	
<i>Primary Metal Products</i>					
Erie Forge & Steel Company . . . . . Erie, Pa.	WE	\$1.16 hr.	5-1-52	2,003	Raise followed contract expiration. Previous hourly minimum had been \$1.39, first effective 12-18-50. Firm also granted six paid holidays, 3 weeks' vacation after 15 years. Entire package subject to WSB approval. Wage reopening 8-53; contract runs 2 years. (United Steelworkers, CIO)
	S	See Remarks	See Remarks	100	Firm granted hourly increases of 16¢ 5-1-52, 20¢ 9-1-52. (No union)
<i>Public Utilities</i>					
Manchester Gas Company . . . . . Manchester, N. H.	WE	See Remarks	4-15-52	See Re- marks	Prior to contract expiration, minimum hourly rate was \$1.16, effective 12-1-50. New contract granted hourly raises of 10¢ to 57 wage earners, while 24 received raises ranging from 12.5¢ to 22¢. Distribution men requested to stand by at home to receive emergency calls received improved pay schedule. Entire package approved by WSB. Contract runs 1 year. (Dist. 50, UMW, ind.)
	S	\$1.10 hr.	4-15-52	27	(No union)
Southwestern Bell Telephone Company Interstate	WE	\$3.68 wk.	7-6-52	52,000	Raise granted as part of new 12-month contract. Prior weekly minimum, effective 6-3-51, was \$33, lowest of company's five wage schedules. WSB approved raise. (Communications Workers, CIO)
<i>Rubber and Allied Products</i>					
Armstrong Cork Company . . . . . South Braintree, Mass.	WE	\$0.07 hr.	10-11-52	650	Contract expiration, 7 week work stoppage preceded wage adjustment. Prior to settlement hourly minimum had been \$1.30, effective 9-24-51. Company also granted liberalized vacation program, now pays full cost of group life, accident, health insurance and hospitalization plan, premium instead of previous 50%. WSB approval required for fringe benefits, 4.5¢ of raise. Wage reopenings 4-11-53, 1-11-54; contract expires 8-26-54. (Rubber Workers Federal Labor Union, AFL)
Goshen Rubber Company, Inc. . . . . Goshen, Ind.	WE	\$0.04 hr.	10-5-52	315	Contract expiration preceded raise. Firm also granted Armistice Day as fringe benefit, plus increased insurance benefits, subject to WSB approval. Contract expires 10-1-53. (Federal Labor Union, AFL)
	S	\$0.04 hr.	10-5-52	35	Same benefits as above. (No union)
Midwest Rubber Reclaiming Company East St. Louis, Ill., Barberton, O.	WE	\$1.10 hr.	9-10-52	356	Increase came as wage reopening in still-continuing contract. Previous hourly minimum had been \$1.66, effective 10-16-51. WSB approved raise. Wage reopening on 30-day notice. Contract expires 11-1-53. (United Rubber, Cork, Linoleum & Plastic Workers, CIO)
	S	5% approx.	11-1-52	110	WSB approval pending. (No union)
<i>Stone, Clay and Glass Products</i>					
National Gypsum Company . . . . . Garwood, N. J.	WE	1.8%	9-1-52	79	Raise followed expiration of old contract. Previous hourly minimum had been \$1.565, effective 3-1-52. Firm also assumed premium payment obligation for hospital, medical, surgical and life insurance under existing group plan. Wage reopening 3-1-53. Contract expires 9-1-53. (United Paperworkers, CIO)
<i>Textile Mill Products</i>					
Boulevard Frocks, Inc. . . . . Minneapolis, Minn.	WE	See Remarks	9-29-52	192	Firm granted 5% an hour for pieceworkers, 5¢ or 5% for time workers. Also granted additional 1% for retirement fund. Wage reopening 9-53; contract tenure 5 years. (Int'l Ladies' Garment Workers, AFL)
Columbian Rope Company . . . . . Auburn, N. Y.	WE	See Remarks	9-24-52	700 Approx.	Following contract expiration, adjustment granted 4¢ an hour incentive, 5¢ an hour day work and 8¢ an hour on skilled trades. Firm also gave one day with pay to celebrate 50th anniversary. Both subject to WSB approval. Contract expires 2-23-53. (Textile Workers, CIO)



# Wage Adjustments Announced Prior To December 15, 1952—Continued

Company	Type of Worker <sup>1</sup>	Increase			Remarks
		Amount	Date Effective	Number Affected	
E. V. Hunter Corp. .... Pottstown, Pa.	WE	\$.03 hr.	9-15-52	130	Wage reopening, 1 week work stoppage preceded raise. Previous hourly minimum was 91¢ effective 10-51. Wage reopening 12-15-52; contract tenure 1 year with 6-month wage reopening (Textile Workers, CIO)
F. C. Huyck & Sons .... Albany, N. Y.	WE	\$.01 hr.	10-6-52	750	In addition to raise, firm granted 3 weeks' vacation after 10 (formerly 15) years, 4 weeks after 25 (formerly 30) years. Wage reopening not earlier than 4-1-53; contract tenure 2 years (Textile Workers, CIO)
<i>Tobacco Manufacturers</i> American Tobacco Company ..... Charleston, S. C.	WE	\$.05 hr.	8-18-52	1,356	Under old contract previous hourly minimum was 75¢, effective with Fair Labor Standards Act amendments of 1949. Firm also increased weekly sick benefits from \$12 to \$15, subject to WSB approval. Piecework rate changes also require WSB approval. Contract expires 9-24-53. (Distributive, Processing and Office Workers, ind.)
<i>Transportation</i> Erie Coach Company ..... Erie, Pa.	WE	\$.15 hr.	5-1-52	200	Following contract expiration, and 48-day work stoppage, company granted raise, improved vacation and holiday benefits. Prior to settlement, hourly minimum had been \$1.45, effective 5-1-51. WSB approval required for raise and benefits. Contract expires 10-1-53. (Amalgamated Ass'n of Street, Electric Railway & Motor Coach Employees, AFL)
Waco Transit Company ..... Waco, Texas	WE	See Remarks	See Remarks	89	After contract expiration, firm granted 5¢ 9-1-52, plus 10¢ 9-16-52 with increase of fare. WSB approved raise. Wage reopening in further increase of fare occurs. Contract expires 9-1-54. (Transport Workers, CIO)
	S	See Remarks	See Remarks	11	Pay readjusted on basis of 15¢ per hour for hours worked.
<i>Transportation Equipment</i> American Bosch Corp. .... Springfield, Mass.	WE	\$.05 hr.	9-1-52	2,800	New contract also granted increased company contributions to group insurance premium payment, liberalized vacation program, 9th holiday. Cost-of-living provisions accounted for 2¢ of the increase, 3¢ was "annual improvement." Fringe benefits subject to WSB approval. Contract expires 9-1-53. (IUE-CIO)
	S	\$.05 hr.	9-1-52	300	Details same as above. (IUE-CIO)
Fruehauf Trailer Company ..... Service Branch Omaha, Neb.	WE	\$.11 hr.	8-11-52	51	Previous hourly minimum was \$1.20, effective 8-11-51. New contract received WSB approval for 4¢ of raise 11-26-52. Contract expires 8-10-53. (UAW-AFL)
North American Aviation Corp. .... Interstate	WE	\$.01 hr.	10-27-52	24,333	Increment was quarterly cost-of-living adjustment. Previous hourly minimum was \$1.40, effective 7-28-52. Contract expires 10-22-53. Of total employees, 16,866 factory employees are UAW-CIO members, 7,467 are office and technical and non-exempt workers.
	S	\$1.73 mo.	10-27-52	5,813	Previous monthly minimum was \$359, effective 7-28-52. (No union)
The White Motor Company ..... Cleveland, O.	WE	\$.04 hr.	6-15-52	4,000	Raise given following expiration of old contract. Previous hourly minimum was \$1.455, effective 6-15-51. Firm also granted increase in group life insurance and liberalized vacation plan. Entire package received WSB approval. Contract expires 6-15-54. (UAW-CIO)
	S	\$7.00 mo.	6-15-52	600	Previous monthly minimum was \$190, in effect since 6-15-51. Benefits same as above. Contract expires 6-15-54. (UAW-CIO)
<i>Miscellaneous</i> R. H. Macy Company ..... New York, N. Y.	WE	\$.06875 hr.	2-1-52	8,000 Approx.	Increase came as result of wage reopening. Previous weekly minimum was \$35.50, effective 2-1-49. Four year contract expires 2-1-53. (Department Store Workers, CIO)

<sup>1</sup> WE, Wage Earner; S, Salaried Employee.  
n.a., Not available.

## Centralized Personnel

(Continued from page 8)

If approved, Personnel arranges an appointment for a physical examination.

No tests have been used thus far, with the exception of informal ones for typists and secretaries. Considerable experimentation, however, has been done with a dexterity test for packers. This test has been validated, and the company plans to use it henceforth for all who apply for packing jobs.

Only business references are checked, not personal, unless the applicant has had no previous business experience.

An applicant goes to work on the same day that he takes his physical examination, provided that he is passed by the medical department. He is paid for the whole day, no matter what time it is when the examination and other preliminary details are completed. The company wants workers to take plenty of time in filling out their papers; and payment for the examination and induction time helps create a good first impression.

After the applicant has had his physical examination and has completed the various required forms, the personnel director or his assistant spends considerable time with the employee, explaining company policies and practices. He is given a handbook, a locker key, and a time card with the first day's time on it. He is introduced to his supervisor, who in turn introduces him to his fellow workers.

For further orientation, beginning in 1953, the company plans to take new employees on conducted tours through the plant in groups of not more than ten, at two-week intervals.

### CUSTOM-MADE FORMS

All of the forms that have been adopted by Personnel are custom made to the company's particular needs. An attempt has been made to keep them at a minimum. The following are proving useful:

1. Personnel requisition form
2. Three application forms for different types of work
3. Two personnel reference inquiry forms; sent to individuals whose names have been supplied as business references
4. Medical examination card
5. Medical acceptance (or rejection) card  
The detailed examination record is kept in confidential files in the medical department. The acceptance card is sent to Personnel, to inform it whether the applicant meets requirements.
6. Tax-withholding form
7. Automobile agreement form (use of privately owned cars for company business)

8. Group insurance enrollment and record card

9. Time card

10. Employee record card

On this, data can be entered on the following: name; address; telephone number; social security number; clock number; marital status; date of employment; department; job classification; date of birth; retirement premium; participation year; retirement year; group insurance; hospital insurance; mutual security; permanent, temporary or part-time employee; replacement or addition to staff; starting rate. Room is provided for entries of increases in pay and the dates effective.

Three copies of this record are kept up to date by Personnel—one for Personnel, itself; one for the administrative office; and one for the head of the department in which the employee works.

11. Record of absence

As an absence control measure, all approvals of pay for lost time are made by Personnel. Each Monday, an absentee report is prepared for the week. All employees report their absence to Personnel. All absent on account of illness, even for one day, must be cleared by the medical department before returning to work.

12. Individual history record

This is an envelope in which other records relating to the individual employee are kept. There is one for each worker. An unusual feature of this form are the check lists, to make sure that all items have been covered in the employment and termination procedures.

13. Adjustment and transfer form

Notification sent from Personnel to payroll.

14. Notification to payroll for on and off

Payroll makes no additions or changes without authorization from Personnel. The personnel director signs the payroll register each week, as an audit.

15. Resignation form

16. Personnel termination form

### TOLD ABOUT BENEFIT PLANS

As a part of the introductory talk on his first day of employment, the new employee is told about the several benefit plans. A retirement and pension plan established in 1943 is paid for wholly by the company. Individual annuities are purchased for employees when they are thirty-five years old and have worked for the company continuously for three years, if a man, or five years if a woman. The benefits, paid after sixty-five, are integrated with those of federal Social Security, so that together the two give the retired worker an income amounting to about 30% of his regular salary or wages.

The financial division handles the financial end of the company's plan, and Personnel the operating end. Personnel explains the annuity plan to employees, enrolls them, arranges for payment of benefits, etc.

A plan for group life insurance with total and per-



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IN CASE OF EMERGENCY PLEASE NOTIFY:			
NAME:	RELATIONSHIP:	TEL. NO.	
STREET:			
CITY:			STATE:

ment disability benefits is contributory. The company pays the difference between the employees' monthly contributions and the actual cost of the premiums, as well as the cost of administration. Amounts of insurance that may be taken under the plan vary from \$500 for women office and factory employees to \$5,000 for executives.

The carrying of temporary disability insurance is required by New Jersey state law. White Laboratories operates its own plan under an insurance company, issuing its own checks so that employees can get them on the regular pay day. This protection costs the employee  $\frac{1}{2}$  of 1% of his first \$3,000 annual earnings; the company pays the rest. The amount of the weekly benefit is 60% of basic weekly earnings, up to a maximum of \$60 a week. All disabilities are covered except compensation cases and pregnancy cases.

In addition to this disability insurance, the company makes a supplemental sick pay allowance based on employees' length of service. It ranges from a maximum annual allowance of one week with pay for one who has had three months' service to four weeks for those who have been with the company for more than five years.

#### GUARDS AGAINST ABUSE

Personnel handles any workmen's compensation claims that employees may have, and watches such claims carefully as a control. The same is true in the case of unemployment insurance claims. An appeal is made if Personnel feels that a claim is unjustified. The company is vigilant in seeing that an employee entitled to insurance benefits receives them but it is not equally concerned in seeing that the plan is not abused.

Hospitalization and medical-surgical insurance, available to employees through the Blue Cross and Blue Shield, are paid for by employees, but the company attributes the cost of collection through payroll deduction.

The company has liberal policies in regard to absence for personal reasons. Full wages are paid during jury service, without regard to jury fees received. If death occurs in the immediate family of a worker, he or she is paid in full for a maximum of five days. When an employee is married, if he or she has been with the company for two years or longer, a week's leave of absence with pay is granted.

#### ALL EAT AT CAFETERIA

Ask a White employee about the advantages of working at the Laboratories, and one of the first things mentioned is very likely to be the cafeteria. The whole neighborhood knows about that cafeteria. Located at the front of the building, with great glass windows to the floor, it can be seen across the lawns by the passerby. The color scheme of yellow accented with coral is gay, the atmosphere cheerful.

The cafeteria seats 144 at a time. It is a rare exception when an employee misses the daily luncheon. Employees go to the cafeteria by departments, for their half-hour lunch periods. It is arranged so there is a continuous flow of employees from 11:10 to 1 o'clock.

A complete, hot dinner is served, consisting of soup and crackers; meat (usually a roast); potatoes; choice of two or three vegetables; bread and butter; choice of home-made pie, cake, ice cream or fruit; and choice of coffee, tea or milk. For this, the diner pays 25 cents! The cost, of course, amounts to far more than that. The company figures that the quarter pays for the meat serving, and it subsidizes the food cost by an additional 17 or 18 cents. Figuring overhead of more than 100%, the total cost is estimated at 90 to 95 cents a meal.

The cafeteria is run by a manager-chef, assisted by a second cook, two full-time and three part-time helpers. Employees carry their own trays to the counter when they have finished eating.

The company is convinced that it is better for it to run the cafeteria with an efficient staff than to turn it over to outside operators—that there are advantages in having a direct employee relationship with those who are cooking and serving the meals. The quality of food, for instance, can be closely controlled. White's, certainly, has had no complaints from patrons on this score.

The serving counter, adjacent to the kitchen, is separated from the dining room with a wall, and doors can be closed after employees have selected their food. The cafeteria was designed this way so that when it is used for dinner meetings, speakers do not have to compete with kitchen clatter.

#### MEETINGS FOR SUPERVISORS

Once each month, all of the company supervisors have supper together in the cafeteria, after a meeting in the conference room on the top floor of the building. Supper is probably an inadequate term since the menu is usually built around filet mignon or equally special fare.

The supervisors have been meeting once a month for about the last two years. Their conferences last for two hours, one hour on company time, one on their own time. The company pays for the dinner.

The programs are varied. There are lectures and educational films on economics and human relations ("What Happens to the Dollar?" "How To Criticize an Employee"). There are open forums on the operation of company plans ("How Can We Improve Our Bulletin Boards?").

The supervisors have a chance to become well acquainted with one another, to ask questions about company operations and express their opinions. The meetings serve as an informal supervisory training program.



## COMPANY-SPONSORED RECREATION

All of the members of the Laboratories become acquainted through social activities that are sponsored and paid for by the company. Every Tuesday night, there is bowling in commercial alleys in a nearby town. Both men and women play in softball leagues, and a golf tournament is held on a local course. Trophies are offered by the company for all three sports. Employee committees help in organizing and running the affairs; Personnel is the spark plug.

Usually once each year there is a company-sponsored party or outing for all employees. A favorite outing was an all-day excursion on the Hudson River Day Line to Indian Point, a picnic ground up the river. Lunch and dinner were provided, as well as soft drinks; and swimming locker fees were paid by the company. Sometimes a dinner is given in a Newark hotel or at a club house. There is no set pattern for the parties. Variety, it has been found, adds to the pleasure of the entertainment.

In addition to the company-sponsored affairs, employees are constantly having informal parties of their own—a dinner for a bride-to-be, a birthday or retirement celebration. Personnel helps with the arrangements.

## GUIDANCE AND SERVICE

Talking personal problems over with the personnel director, employees have discovered, is very helpful. Because of accounting experience, he can help them prepare their budgets. If they like, he helps them file their income-tax returns. As has been mentioned, Personnel gives assistance in transportation and housing.

Legal advice is tendered by the company lawyer on family problems and the preparation of wills. Flowers and cards are sent by Personnel to employees who are ill; visits are made to those in hospitals. In case of a death in the family, the personnel director helps an employee with collection of insurance, payment of taxes and other details in settling the estate. He performs the same service for widows of Laboratory employees.

The director follows labor laws and keeps supervisors informed regarding them. Keeping up with state and federal wage and hour laws, Wage Stabilization Board regulations, Social Security and unemployment compensation provisions, many personnel administrators find, is a big task in itself. Centralized Personnel at White's means that line executives have someone watching out for them in this area, constantly on the alert so that no slips will be made. Personnel is the right-hand helper of the line supervisor. It enables him to do a better job.

GENEVA SEYBOLD

*Division of Personnel Administration*

## Round Table

*(Continued from page 11)*

I do not think the laborer feels any particular loyalty to the company, and I don't think you should ask him to. I don't think you should expect a feeling of particular interest in the welfare of the company. That is something that may come with the passage of time, but the notion that the company is a general experiment in democracy, instead of the business making something at a profit, is a bad notion. But we have got to communicate even though it isn't a democracy.

**MR. PIGORS:** I am perfectly aware that I use a very vague and troublesome word, "democracy." On the other hand, I would like to ask Mr. Brooks whether he hasn't the same problem in unions.

Let's get down to brass tacks. There are many unions which are excessively autocratic and domineering. There are also some unions that have learned how to work with people in the sense that I am talking about, in the sense of respecting the individual, getting his constructive criticism, not laying down the law and telling him, but, rather, working with individuals through discussion and so on. It is that sort of thing that I am thinking about.

**MR. BROOKS:** I would quickly concede that the problem of democracy is a very serious one in unions.

The point I want to make is this: the union is ought to be a democratic institution; the industrial corporation is not, and ought not to be a democratic institution; they have fundamental differences.

The union is an attempt to express the aspirations of working people. It can do that effectively only as long as the expression of opinion within the group is free and general.

That is not the function of a corporation. The function of a corporation is to make our lives richer by giving us more things for less money, with the company making a profit in doing so.

**MR. PIGORS:** I have here a document published by the pulp and paper industry entitled, "Three Joint Labor-Management Safety Conferences."<sup>1</sup> I have always been taught to believe that this document is an example that could well be emulated by management and workers.

As I read it, the whole emphasis is on the democratic process, group decision making, and the very things we have been talking about—ironing out differences by face-to-face communication.

At first the parties were hostile to the subject

<sup>1</sup>"Digest of Three Joint Labor-Management Safety Conferences Held During (August) 1946 by the Pulp and Paper Industry (Washington, Oregon, California)." Published April, 1948, by the United States Bureau of Labor Standards, Washington, D. C.

Management accused labor of certain practices which were bad, and labor in turn accused management of the identical practices. They could not get together.

Then they had a conference and threw all the debatable, emotionally charged matter on the table, and worked it out. They came to a satisfactory agreement.

**MR. BROOKS:** I would like to make a comment in connection with this insistence on democracy. It is too important a word to be submarined this way. Democracy means rule by the people, and Lord help us if we start to run our corporations on that basis. It is dangerous to talk about democracy as though it were an issue in the management of industrial corporations. A corporation is and must be a centralized organization without a dispersion of power throughout the people. It just can't operate any other way.

To confuse processes of discussion and mutual enlightenment with democracy is a very bad mistake.

**MR. MERRIHUE:** On the other hand, we think you can run an economic enterprise at a profit and still practice democratic principles within the work shop and work place.

**MR. RINELLA:** I would like to comment on the idea that employees should be considered as one group—from the chairman of the board to the shop employee. It is very seldom you find a person who is working at a machine who considers the chairman of the board as a fellow employee of the company. The man at the machine considers the president and the chairman of the board to be "top brass." Communications which come down from them are usually considered as orders, and not actual communications. Many times a president will issue a communication, but he certainly does not want any communication to come back up to him. He doesn't want an argument over it.

### Clarity Is Necessary

The manner in which some presidents, general managers or superintendents express themselves, and the degree of education they have, has a great deal to do with the effectiveness of communications. Top management does not seem to realize that those who are working at the machines may not have the education that they themselves have had. When they send out a written communication or a verbal communication, they use words that are not understood by the employees. Let me cite one example.

I sat in a meeting in which the president of a concern was discussing the problem of getting more efficiency. He went around asking different foremen of the group about the people they had in their departments.

The foremen had no degrees and most of them were of foreign birth. As the president talked to the different foremen, he finally said to one, "Have you any redundant people?"

The foreman just looked at him for a moment and then said, "Well, I don't know. I have Italians, Polish people, Germans, but I don't think we have any redundants in the department."

There was an example of one person in top management who assumed that everybody in the room would use the same type of language he was using. That definitely is one of the biggest obstacles in the matter of communication.

**MR. MERRIHUE:** We tried an interesting experiment lately. We wanted to tell our people what we were going to do in the light of a new ruling by the Salary Stabilization Board. It meant good news for the people. We wrote a communication, but we decided to let each level of supervision tell it directly to the people they supervised.

Following this we made a little survey to find out what the people understood from what they had heard. We were profoundly disturbed to find how the information had been garbled in transit.

So now when we are dealing with a technical matter, or when we are dealing with something as complicated and as emotional as a salary policy, we think we must use the printed word and let it go right straight down from top to bottom. We try to guard against these and other wrong impressions through two-way communication as exemplified by the rumor clinic column in a number of our employee newspapers. Anyone who hears a rumor is asked to write it down on a slip of paper and send it to the works manager. He personally answers all of them and prints those that seem to be the most controversial and those having the greatest common appeal in the next issue of the newspaper. It is one of the most popular features.

### Find a Common Reference Point

**MR. PIGORS:** I think we ought really to get down to the meat of this problem here. Are we talking about communication in words? Or are we talking

"Communication is not achieved until I understand what the other person has said in the sense of seeing it from his point of view, really seeing the meaning that it has for him, the attitudes and feelings that go along with the content of it. Communication has not been achieved until I have seen it from his internal frame of reference. When I see this in the way he meant it, then one-way communication has taken place.

"Two-way communication does not take place until the other person understands my expressed reaction to his communication, sees my meaning—the flavor of it and all—in exactly the way that it seems to me." Dr. Rogers



"When you make too big a jump in the communication line—when you go all the way from the top to the bottom in a single step, there isn't any link that people can grab hold of. It is just outside the context of their experience.

"If top management really wants two-way communication it must be ready and willing to take constructive criticism or such honest reactions as 'I don't understand what you are talking about.' The communication should proceed level by level until it reaches the bottom and all the way back again. Gradually, then, you do establish this necessary give and take." Mr. Pigors

about communication in action? I am interested in communicating in action. I don't think that getting these thousands of words out amounts to a hill of beans, because the people instantly discern a discrepancy between words and what they actually experience.

**MR. BROOKS:** The real reason why most management literature is not effective is because it has no contact point with the workers to whom it is directed. It is not based on any experience that they know. Whether it is a question of the language used or the medium used is unimportant. You are not talking about anything which they can get hold of.

If you are talking to a millwright you have to talk about repairs to bearings first, and if you can get from there onto a basis of a common interest, well and good. If you can get from that to United States taxes, you have accomplished something.

**MR. MERRIHUE:** As a part of our communication flow chart (the two-way flow chart in effect at each of our plants), we have what we call the General Electric employee round table. Our supervisors are expected and requested to hold a ninety-minute meeting with everybody they supervise three or four times a year. They take them off the job. We pay them their average earnings or their day rate. We do not give that foreman printed information to tell to these people; we give him certain background data, and when he speaks to them, he tells in his own words how the company is doing, specifically how the department is doing, and particularly the little work group that he is supervising. (People are primarily interested in their own little work group.) Following that, he throws the meeting open for all kinds of questions and suggestions which he alone answers. There is nobody else in that room.

If the foreman were to be reading a formal document that we provided him, the employees would say, "Get out from under the false face. That's the 'old man' talking." But as it is, he tells those people

in his own words how his little group is doing, and what they as a team can do to improve the operation.

### Listen Without Evaluating

**DR. ROGERS:** One of the obstacles to communication is the very human, very natural tendency of each one of us to respond to any communication with evaluation rather than with understanding. If I come to you and say, "I have had a lot of trouble with this job. It isn't going right," and if your response is "Well, you went about it in the wrong way in the first place," or, "I've always thought you were somewhat incompetent," you can be very sure that listening communication will actually take place.

It is only if you are willing to understand the troubles with this job as I see them that there is a likelihood of communication. This almost universal tendency to judge and evaluate what is said instead of trying to understand it from the other's point of view is the major obstacle to real interpersonal communication.

I would like to illustrate that with a specific example of how the failure to be willing to listen and understand cuts off communication at a superficial level.

During the war when our first aerial gunners were returned after completing their prescribed number of missions, there was a good deal of concern about them. The officers who were in charge of these overseas veterans reported that they felt the world owed them a living. They were rebellious. They were discipline problems. And many of them seemed to be almost psychopathic.

I was one of several people called in to study this situation. We started out by listening to a sample of these returned gunners to find out what was the matter from their point of view. If you could have heard the verbal blasts which we got, you would have been inclined to agree with the officers. They were simply red hot with anger and frustration.

Our first job was to listen and try to understand. We found that in most instances there was a very good basis for their feeling of anger and frustration. We found that they had been assigned duties back in the "States" for which they were wholly unfit.

Actually, what they were so angry about was that because of their combat training and experience, they felt they were capable of doing something worthwhile. Instead, they were brought back for reclassification and made to wait for long periods of time under a kind of discipline intended for boot trainees instead of combat veterans. They had been used to a much more informal type of discipline.

If anyone in the service had been willing to listen to these men, they themselves could have outlined what was wrong and what needed to be done. The recommendations we turned in were simply a collection

tement of what the veterans really felt and thought. I have always regarded that army situation as a failure in communication. It was interesting and significant, because some communication had gone on. The officers knew the men were griping, and the men knew the officers felt they should be more cooperative. But neither one had really gone beyond that initial impulse to try to understand what was in the minds and feelings of the others.

I suspect that that is very often the case in breakdowns of communication.

As a psychologist, I have something to do with trying to establish good communication with people. Communication is not achieved until I understand what the other person has said in the sense of seeing it from his point of view, really seeing the meaning of it as he has for him, the attitudes and feelings that go along with the content of it. Or in other words, communication has not been achieved until I have seen it from *his* internal frame of reference. When I see this in the way he meant it, then one-way communication has taken place.

Two-way communication does not take place until the other person understands my expressed reaction to his communication, sees *my* meaning—the flavor of it and all—in exactly the way that it seems to me.

#### Union's Place in Two-Way Communication

**MR. BROOKS:** I would like to quarrel with the notion that it is the function of management to promote two-way communication. Two-way communication is certainly desirable, but I think that notion obscures the function of the union when it suggests

that management is equally concerned with both downward and upward communications. Even those of you who have been successful in keeping the unions out of your plants will concede probably that the best way to find out all the possible gripes—including some that are imaginary—is to have a union in the plant. A lesson can be learned by examining the kinds of things that union workers express concern about. They are not concerned with whether capitalism is the best form of society, essentially. They are concerned about whether Joe is getting 2 cents more than they are, and Joe doesn't do any more work than they do, and, in fact, hasn't been there as long as they have.

The kind of two-way communications which you get in a plant ought to be, normally, expressions from management on the things that it wants and a response from the union as to what the employees want. I think that is the essence of two-way communication in an organized plant.

#### Getting the Other Viewpoint

**DR. ROGERS:** Communication is a risk, really. You take the risk of being changed yourself. And unless there is a sufficient degree of personal security, you are not going to take that risk.

We find psychologically that this is true; if a person is under considerable threat and if he is feeling pretty insecure, then he is less able to receive the communication from another person than he would be if he were feeling fairly secure.

In training people to deal with interpersonal relationships, one of the things we bring out is that good communication is a source of security. At first it seems dangerous; it is only gradually that you realize that you can be more secure in the long run if you are willing to take the immediate and short-range risk of being upset by communication.

Applying it directly to the situation here today, let us assume that there is a certain degree of truth in some of the things which were said here but which seemed to threaten basic convictions we believe or hold. So we shut them out because we fear we may let ourselves be undermined if we should even partially admit that there is a right side to a viewpoint which is opposite to the one we hold.

On the other hand, gradually and over the long run, I think it is possible to come to realize that security—real security that cannot very well be threatened—lies in being willing to receive the communication and therefore in being willing to run the risk of the change in our viewpoint that is involved.

**MR. MERRIHUE:** Dr. Rogers is so right when he says that communication promotes security. It is never so evident as when the bottom drops out of a certain product market, and we have to lay people off.

If at that time we will come out with a bold, prompt

"The processes of production and exchange have been developed and extended until they have reached beyond the view and comprehension of many engaged in them. As a natural result, misunderstandings multiply in the relations between the various groups whose cooperation is required. . . . The workers who tend a blast furnace . . . are not able to calculate the actual relationship between their services and the value of the things which comprise their daily purchases, or even between the pay they receive and the value of the furnace product. . . .

"Here then is a fundamental need for education about industry. There must be a general understanding of the industrial system by which society supplies its wants, of the benefits that all derive from it, the responsibilities they have under it, and of the economic laws and forces which tend to accomplish a just contribution of benefits." Excerpt from the Foreword to "Education and Industry," by Henry C. Link, The Macmillan Company, New York, 1923.



and courageous communication saying "As far as we can see at this moment, section 2 and section 3 will be affected; this many people will be affected and no one else," that immediately puts to rest all wild rumors.

Another example is this: one of our managers has a big board on which he lists all incoming orders and all the outgoing shipments. He translates that in terms of man hours of work projected over the next six, eight or twelve months. You should see the employees crowd around that board (which is changed weekly). That is the kind of communication that puts to rest the disturbing rumors and gives everyone a feeling of security.

**MR. PIGORS:** Our experience has been that it is a very difficult thing for most managements (who have experimented with two-way communication) to overcome the first obstacle, which is that before things get better, they always get worse. When people are allowed to express all their gripes and dissatisfactions for the first time, it seems as if you have upset the whole applecart. It is very emotional. It is only gradually that the thing simmers down and you are better off than you were before.

When the first rumblings begin to come up through the organization, the immediate reaction on the part of many executives is, "This isn't what we had in mind at all." They say, "We wanted you to tell the employees how to be perceptive and understanding, but we didn't expect that they would turn around and tell *us* that we are not perceptive and not understanding."

That is our big obstacle.

**DR. ROGERS:** Any management group that is considering improving communication ought first to ask itself the question, "Are we willing to allow others to hold a different point of view and have a different attitude?" Because, unless there is that basic willingness, you can be very sure that communication will not get very far. If you are going to start real communication, you have to face first of all the fact that you may need to change some of your own ideas.

The moment you start real two-way communication, it always opens the possibility that you may discover yourself to be wrong. You may discover that your

"Communication is involved in all human relations. Good human relations in industry depend upon good communication. Some personnel executives have pointed out that the broad concepts and goals of 'personnel' and 'communication' are one and the same. Both are concerned with people working together effectively." "Communicating with Employees," Studies in Personnel Policy, No. 129.

own point of view is changing. I believe that is of the reasons why it often gets cut off.

If real communication starts on a very limited basis you are going to be up against situations where you will feel, "Well, I wish he hadn't expressed his feelings. This is dangerous. This is upsetting. This is disturbing." But as you live through that experience, you tend to discover that it is safe and it is constructive. It is constructive even if you have to change.

It is something which tends to grow because it proves to be very much worth while. It does not grow because anyone persuades me it is a good thing to do, but because in my experience I find that it makes sense to give the other person a chance to communicate with me, and to compromise in a generous fashion with him. Then the relationship improves even though it may go through some stormy times in the process.

## TRAIN FOREMEN IN COMMUNICATION

**CHAIRMAN KIRKPATRICK:** What are the things that seem to prevent the chairman of the board from speaking directly to the worker in the factory? What are the things that stand in the way of the worker in the factory speaking directly to the chairman of the board?

**MR. RINELLA:** As far as the employee talking directly to the chairman of the board is concerned, management must first understand that the person who brings the information to the employee in the industry is the foreman. Before the confidence of the people at the machines is fully gained by management, it must begin by getting the confidence of the foreman.

If there is good communication in the company, the employee can actually talk to the chairman of the board when he talks to his foreman. If the foreman doesn't have the right to communicate with top management and express his opinions and the opinion of the people on the floor, there is no communication.

When top management gives out a communication, it must go all the way down to the bottom and the reaction must come back up again. Otherwise it is just an order.

People first must be confident that when management communicates with them through their foreman, their own communication will go back. The foreman in the majority of plants is the most important medium of communication with the people. The president of the company or the chairman of the board is not going to walk through a plant having 5,000 or 6,000 people and stop and talk to each one of them. He may come around periodically and speak to one or two people, but it is the foreman who is the direct conveyor of communications that come from the top.

I participated a while ago in a course in conference leadership. This was going to be very, very beneficial to management. As originally planned this course



be taken first by the board of directors; then the president, the treasurer and other high officials of the company; then superintendents and the general foreman; and after that, by the foremen.

At some point or other, the course got started in the middle with the general foremen. There were at least eight weeks of study on conference leadership. It was stressed that these were *not* going to be things where orders would be issued. Instead, these things were to bring out methods on how to have the foremen do things that you wanted them to do—not use you ordered them to do those things but because you led them to convince themselves that these things should be done through leadership.

It went along very nicely and the general foremen went to work on it wholeheartedly. When they brought it down to the next supervisory level it was also fine. When we got to the top level group, the meetings broke down. At that level, the president or the chairman of the board would give his ideas and, figuring that his ideas were the best, he practically insisted they must be accepted. Well, it ceased then and there to become a conference; rather it was a meeting where you were given orders to carry out. When you went downstairs, you could not run a conference with the foremen, because you had a set of orders to issue, and that's all there was to it.

It comes down to this: how genuine are the communications that come down from the top? Years ago there were no communications at all; everything was by order. Today I see a good many plants in which communications, from the top all the way down, are going into this conference business. It seems to bring about in the employee a much better understanding that top management is trying to communicate with the employees.

**CONFERENCE:** Reference has been made a number of times to the foreman being the key in the communication system. Probably, he is also the block. For those of you who have established what you consider are successful systems of communication what variation is necessary to get this foreman to accept his role in communications and to have the qualifications to do a good job in it.

**MR. DRIVER:** We have attempted in some parts of our organization to work out with foremen some of these problems of communication that they face. Many of them were groping. We try to discuss what should be done and why it should be done, with the hope that the relationships between them and the workers will be improved through the skill of the foreman in managing that job.

**MR. RINELLA:** I know of a plant today in which communication is very successful. The main reason for this is that most of the foremen asked for their

"A great many managements communicate with their employees only in times of crisis. They wait until they are threatened with a strike or have a major work disturbance.

"It is impossible to gain the credibility of your employees under these circumstances. In order to remove that obstacle, you must have a desire to communicate—a very sincere desire; and you must work at it and make it a continuous process so that when a time of crisis comes, you have an established communication medium or channel to your people. Then people will be more inclined to believe what you say." Mr. Merrihue

This company has found that making foremen of these people when they ask for it and are willing to take over the job is working well. They are not asked to take a foreman's job; but they themselves come and ask for it. Ninety-nine out of a hundred who ask for jobs are union stewards, committeemen and union officers. Their union jobs have given them the necessary training. They bring the knowledge of how to get things done, and also the knowledge of how to deal with people.

I feel definitely that communications should come through the foreman, because he is the fellow in the middle; he gets it from the top and he also gets it from the bottom. He has to be the cushion in between. If he gets that communication properly, he can convey the message in the same way.

**DR. ROGERS:** I would also stress the fact that real ability to communicate and to receive communication is something that can be acquired through training. Training makes a great deal of difference in a person's ability along that line.

## CHOOSE THE RIGHT SUBJECTS

**MR. BROOKS:** It is a little difficult at this point to grapple with communication without talking about the kinds of subjects we have in mind. It seems to me that we need to find out exactly what it is we are trying to communicate about.

**MR. DRIVER:** Mr. Merrihue, your company has arrived at the point where you are communicating on controversial issues and on Americanism. Some other managements might say, "We will not enter the controversy. We should not sell Americanism." There must have been quite a struggle between the various forces in your management in determining policy on that question.

**MR. MERRIHUE:** We have two objectives in our communication program. First, we must communicate



in order to operate an efficient and profitable business. We must tell people what is expected of them, what their various tasks are, how we can achieve better teamwork, and so forth.

Secondly, we think we must go beyond that, because no matter how right management tries to make its actions, they are misunderstood by its employees when some other group is constantly telling the employees that management is wicked, management is dishonest, management is trying to do the employees in.

You know how nature abhors a vacuum? So does communication. There just must be some kind of communication. Unless management comes in and tries to answer the half-formed questions and doubt in the employees' minds, or corrects the misinformation deliberately fed them, it is never going to be able to run a profitable and efficient business. We were silent for many, many years, while unions and government and political demagogues attacked us. And of course, if you are silent, your people are inclined to feel that because you won't refute what is said about the company, the critics must be right.

We did a lot of soul searching. It takes courage to do the kind of communicating we are doing today—day in and day out. And it takes money. It also takes the time of your top management. It makes them think. You have to contend with timid souls who think you might offend some customers, or perhaps the United States Government, who is one of your customers. But we believe that all this is part of our responsibility.

It is our feeling that management should communicate in all areas, not only those areas which have to do with the efficient operation of business, but also in those areas which have to do with the preservation of the business in the future, and the preservation of our entire country.

One more thing: we think that out of this broad discussion on the part of management with its people, our employees can form their own opinions just as the colonists did in the early days of our republic where they had the town hall, with both sides giving their views and with the people deciding how they would vote.

**MR. BROOKS:** I attach importance to this particular aspect of the question because I think Mr. Merrihue is right in thinking that it is extremely important that management communicate a great deal more to its employees and get their responses on a range of subjects concerning the entire welfare of the corporation. I think it is the business of management to inform its employees—and it is good business—on the technical problems in the industry, what the prospects for this company are, and this plant of the company, as well as what the company's plans for expansion or contraction are. All of those things are of the greatest importance, and I concede without hesitation that the

"I believe that social study should begin with careful observation of what may be described as communication; that is, the capacity of an individual to communicate his feelings and ideas to another, the capacity of groups to communicate effectively and intimately with each other. This problem is beyond all reasonable doubt, the outstanding defect that civilization is facing today. Elton Mayo in "The Social Problems of An Industrial Civilization," Harvard University Press, Cambridge, 1945, p. 22.

union has heretofore failed to provide machinery for that kind of communication. Management must take the initiative in that field.

### Is "Economics" a Proper Subject?

Now, it is because of my feeling that that kind of communication is important that I wish you would not sabotage the process by also talking about general economic subjects. I have three reasons for feeling that way:

I will first make an ethical argument against it. Your employees are a captive audience. You have the right to deluge a man with communications just because he has put his name and address upon your application form. That does not give you any right, in my opinion, to treat him differently than you would treat the guy who works for another company who has had education in the field of economics is equally prepared. You take advantage of the man because he has to earn a living, and he has found the best way to earn it is to work for your company instead of for somebody else.

I would like now to make a professional argument against it. The problems of deciding what kind of economy we are going to have, exactly what degree of control we ought to have, whether it should be extended in this field or that, and how it should be exercised, is a very difficult problem which is going to require maximum professional detachment and consideration. That is the function that can be performed effectively only by a professional teacher. You industry people are not detached any more than I am detached. It is no more possible for you to present the issues on the question of control objectively than it is possible for me to do it.

Finally, I would argue the question pragmatically. In effect you cannot communicate in the area of general economics. Your employees just don't have the confidence in you. They are persuaded that you are in the business to make money. That is a primary consideration. They are convinced that that consideration will always overrule others. They are bound to feel that your approach to this kind of question is a self-interested and biased approach.



would also like to state the flat proposition that political education of the people in the country is the function of industrial management but the job of the educational system, which also needs mending.

**MR. MERRIHUE:** Mr. Chairman, I know these people did not come here this morning to listen to a debate about management and labor on what you think or ought not tell employees. But I would feel dissatisfied if I did not take exception to Mr. Brooks' comments.

His thesis is that we have no right to talk to our employees about anything except that which has to do with the conduct of the business. We believe otherwise and I am sure we shall continue to believe otherwise.

We mentioned three reasons why we should not do this. First, we have a captive audience. We are now in the process of giving an economics training program, "How Our Business System Operates." It has already been given to more than 100,000 employees on company time. In that respect you could say it is a captive audience. It is, however, a completely voluntary proposition.

Some of these people come, of course, because they are being paid to sit on a chair and do nothing—we know that. They have closed minds. But the majority, we believe, because they are anxious to learn something about this science of how we earn our living. Because once they do that, they can more properly evaluate management's decisions. They can more properly evaluate what their representatives in state, local and Federal Government are or are not doing for them in this process of representing them.

The next thing Mr. Brooks brought up was that management cannot do it because it is not sufficiently educated. I wonder, therefore, why the unions are doing it? They are much more dogmatic than management. In fact, we do not lecture to the people in our economics program. We simply provide a forum in which our employees can fully discuss some of the most important issues and arrive at some conclusion—no conclusion.

Third, Mr. Brooks says we cannot do it because the employees won't believe us. We are constantly engaged in the most intense type of social research. We

are constantly making surveys with our employees, and we are having outside consultants do it.

The one thing that stands out again and again is this—management does not know its own strength. Employees are eager and willing to believe management if management will only speak out, with this proviso, management must be sincere, management must be honest, and heaven help you if they catch you telling any lies!

This is still a country of Horatio Alger; we respect most people who have achieved management status and that is why the employees are willing to believe them if management will only speak out and do it honestly, sincerely, and continuously.

#### Find Common Interest Areas

**A CONFeree:** I am interested in knowing what the panel thinks with regard to whether management and workers have common interests and common objectives.

**MR. DRIVER:** It is hard to give a definite yes or no to that question. They have many interests that are common, and they are continuing interests. Then I think they have other interests which may be common sometimes and at other times may not be, due to special situations. Then there is a third classification, perhaps, in which the interests are distinctly not in common. So there is no yes-or-no answer, in my opinion, that can be given.

**DR. ROGERS:** I would not be so brash as to give any judgment upon that particular question. But a very similar question that I often face is, "Do a husband and wife have the same aims where there is a lot of discordance in the family relationship?"

Our experience has been in that situation, or any situation in which there is friction, difficulty, and so on, that genuine communication changes the aims to some degree, and nearly always changes them in a direction which makes them closer to being the same. In other words, without trying to give any flat answer to this, it can be said that the likelihood of the aims being similar is greatly increased when there is good communication, because then, actually, aims change.

**CHAIRMAN KIRKPATRICK:** I would like to add that there is a lot of loose talk about labor and management being one team, that if they just pull together they will pull the wagon up the hill, and so on. Actually two different objectives are involved.

Management has the responsibility of trying to make an economic unit function in such a way that it can keep itself alive and going in a competitive society. While it is doing that, it serves the aim of labor (workers) by providing opportunities for jobs and earnings. To that extent the interests of the workers are very close to those of management.

But on the other hand, a labor union is interested in a group relationship and survival. In a sense it is

"Our experience has been that it is a very difficult thing for most companies [who have experimented with two-way communication] to overcome the first obstacle, which is that before things get better, they always get worse. When people begin to express all their gripes and dissatisfactions, it seems as if you have upset the whole apple-cart. It is very emotional. It is only gradually that the thing simmers down and you are better off than you were before." Mr. Pigors



"A few years ago, top management had little interest in communication. Today there is a difference in the picture because people do want to understand what is going on. They want to be told about the company they work for. The more genuine the communication that comes down from the top and the more understandable to all those who receive it, the greater the benefit to the company." Mr. Rinella

a political unit rather than an economic unit. That is, it has the responsibility of maintaining what Mr. Brooks called a democracy within its own group, to further the ends of its own group.

The aims of management and labor are not identical, but there is a relationship. Sometimes their aims are very much the same, while at other times they are not close. There is no need for them to be the same in many situations.

The problem for management in the field of communications is to point out to labor the areas in which the aims are alike and to win their support, loyalty and sincere appreciation for those aims. But to say that they are on the same team, that they are pulling together up the same hill, is a sort of poetic license.

**MR. BROOKS:** I was not talking about things which management should not do but rather should leave to the unions. I was talking about something that neither of them should do, and this is closely related to the question about the area in which their interest is common.

This discussion gives the clue as to what they should communicate about. The area in which their interest is common is the one in which better communications are an obvious and urgent necessity. They have a common interest in seeing that the plant where the employees work and which management operates continues to operate as an effective enterprise. Anything that relates to that directly is a matter of communication.

My real point about what management should do is that neither the union nor the management qualified to discuss what kind of general economic organization they ought to have.

We do not have open minds about the things we have because we are institutionally prevented from it. We have to do certain things as a union—we have to protect ourselves, we have to preserve our organizational structure because that is our reason for being.

Management is operating under the same compulsion. It is useless for us to talk about those things.

In general, therefore, I believe the company ought to say a great deal more about its business to its employees. We are trying to help them do it because we are deeply interested in and concerned about it.

But I think I must draw the line at thinking that management will ever do a good job, or a fair job, a detached job on the question of whether or not the wage ought to be higher or lower income taxes, for example. Do you think I am going to take Mr. Merrihue's word as a detached observer as to whether or not taxes on incomes above \$10,000 should be increased or lowered? Or are you willing to take my word that I can give you a detached opinion as to whether the exemption for wage earners should be increased or lowered?

Our economy does not operate on the basis of an open mind exclusively. We need more open minds but we are not sure. But it operates in the main on the question of our pressuring each other in the presence of all the members of the community until someone squeals and we back off, and then come in again to the charge.

#### "COST" OF COMMUNICATION

**MR. MERRIHUE:** All of our studies indicate that better communication saves you money. I know of many cases where we get an amazingly measurable return on the outlay that we make for communications. Instead of rather than increasing the price of the product, it enables you to run a more efficient business and to pass along the gains either in the form of wage increases to your workers, or lower prices to your consumers.